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NEW CYPRUS-GREEK SUBMARINE CABLE LINK SCHEDULED

Nicosia CYPRUS MAIL in English 7 Jul 79 p 1

[Text] The Cyprus Telecommunications Authority and the Telecommunications Authority of Greece have concluded and signed an agreement yesterday for the construction and laying of a submarine cable between Cyprus and Greece.

The 40 million dollar project, which will be equally funded by the two sides, is intended to increase the telephone and telex communication links between the two countries, and will supplement the already existing "Aphrodite" submarine cable and the "topospheric" link.

The agreement was signed by the Governor of the Greek Telecommunications Authority Mr A. Sekeris and by the Cyprus Telecommunications Chairman Mr N. Roussos.

The new cable to be known as "Apollo," will have between 1,200 and 2,200 cycles which are expected to increase the numbers of simultaneous links between the two countries and beyond.

Mr Roussos, speaking on the occasion, said the new cable will greatly contribute to more smooth operation of the Cyprus telecommunications system.

Mr Sekeris, of the Greek Telecommunications Authority, estimated that the project will be completed in 30 months.

Mr Sekeris and the Director General of the Greek Telecommunications Authority Mr Tsaoasis had meetings yesterday with the Minister of Communications Mr Eliades, following the signing ceremony. They were accompanied by the Chairman of CYTA Mr Roussos and the General Manager, Mr Stylianides.

They also called on Archbishop Khrysostomos and will visit the late Archbishop Makarios' burial place at Throni before their departure from Cyprus.

CSO: 4920

FRANCO-SPANISH COOPERATION IN ARMS MANUFACTURING

Madrid EL PAIS in Spanish 16 Jun 70 p 37

[Article by Feliciano Fidalgo]

[Text] Paris--The 32nd Aeronautics Show being held now at the Paris Le Bourget airport provided an opportunity for the French minister of defense, Yvon Bourges, to meet with his Spanish counterpart, Mr Rodriguez Sahagun, who spent the day yesterday at this international exhibit. He was accompanied by General Gutierrez Benito, director general of armaments, and General Alfaro Arregui, air chief of staff. The Spanish officials' talks and visits are closely related "to the growing development of Franco-Spanish cooperation in military and industrial affairs," the Spanish minister told the press at the Spanish CASA [Aeronautics Construction] display. It was showing its C-101 Aviojet model.

According to Mr Rodriguez Sahagun, the Spanish arms industry "is rudimentary." It is hoped to achieve the greatest defense autonomy possible based on national production and coproduction, especially with France and Italy. The minister confirmed that this focus on Mediterranean cooperation "is very important considering Spain's admission to the EEC."

The new models of the semipublic French construction firm Marcel Dassault--the Mirage 2000 and the Mirage 4000 that are still not mass-produced--as well as other European and American models were examined by the Spanish delegation. Mr Rodriguez Sahagun felt that the construction by the two countries of a light missile was very possible. In the past 10 years, France has sold Spain 1.3 billion pesetas worth of materiel for the army, the same amount for the navy and 8.5 billion pesetas worth for the air force.

7717

CSO: 3110

SHORTFALL IN OIL SUPPLIES EXPECTED

Nicosia CYPRUS MAIL in English 29 Jun 79 p 2

[Text] The amount of oil being brought into Cyprus this month is the same as last year, but since then market demand has risen by 10 to 12 per cent. This is the shortfall the recently introduced restrictive measures are trying to save.

Oil company sources say this is not too difficult to cope with if people make an effort but believe more serious measures will have to follow.

These might include any number of restrictions which have already been tried in other countries--reduced speed limits, a publicity campaign, targets for government departments, reduced street illuminations, or an odd-even system whereby half the motorists buy on one day and the other half the next.

These measures are all part of programme to change people's way of life, and to bring home to them that the days of oil plenty have gone forever.

Spot Market

The above measures apply to gasoline. Diesel oil and heavy fuel oil are a different matter. Diesel supplies are not being restricted as this would have an adverse effect on industry and agriculture, but Cyprus does not refine enough diesel to meet its requirements and the shortfall has to be bought at high prices on the spot market.

Heavy fuel oil, which is consumed by the power station and the cement works also has to be imported at spot market prices but at least supplies are ensured as Cyprus has a supply agreement with the Soviet Union.

The crisis, both regards volume and price is very real. Cyprus' sole supplier of crude oil is Iraq, which along with other oil producers, is getting 40 per cent more for its oil compared with the beginning of the year.

Cyprus oil is refined at the Larnaca refinery which is owned by the Government with 50% of the shares held by Shell, BP and Mobil. The Cypriot company Petrolina, owns part of the Government's share. These companies, together with Esso and Fina, bring in the crude.

The supply situation being what it is, the oil companies have to balance out the supplies available to them. As one oil company executive put it, the principle is one of sharing the misery equally, and the companies try and be fair and equitable to all customers.

The roots of the current energy crisis can be traced back to 1973 when world demand for oil reached its peak. The Arab-Israeli war hastened the crunch. During the recession that followed production fell and so therefore, did the demand for oil.

But during the past two years, many economies have had some expansion and world demand for oil has gone back to the levels of 1973. A tightness of supply began to show last autumn and the producers of light crude were able to get a price differential. Prior to this time small discounts were being offered.

Then came the revolution in Iran which added to the imbalance of supply and demand. During the first quarter of this year production fell from 5 1/2 million barrels per day to nothing. When it came back on stream it reached about 3 million barrels a day.

Real Squeeze

Saudi Arabia increased its production by about 1 million barrels per day and the consumer countries dipped into their stocks so that the shortage was not really felt until the second quarter. The Saudis cut back their production again when Iran came back on tap.

Now the real squeeze is beginning to be felt. Stocks are not a sufficient buffer to meet winter needs in the big consumer countries unless there is a big drop in consumption now.

The OPEC countries now find it is a sellers' market, and some countries have restricted production to keep pressure on prices.

In the past the Saudis have always had a moderating influence on prices, but since the Iranian revolution they have put a greater premium on conserving production. They saw what unbridled development did for the Shah.

CSO: 4920

BRIEFS

EXPORT CONTRACT WITH BULGARIA--Representatives of two Bulgarian state organisations who recently visited Cyprus signed contracts for the purchase of 776,000 dollars worth of Cyprus-made clothing and footwear, the Ministry of Commerce and Industry announced on June 19. The Bulgarian organisations, Corecom and Transimpex, negotiated the deals, through the Cyprus firm "Delta." The Ministry said the value of exports of Cyprus footwear and clothing to Bulgaria this year is expected to reach 2.5 million dollars. [Text] [Nicosia CYPRUS BULLETIN in English 30 Jun 79 p 3]

KUWAIT FINANCES WATER PROJECT--A delegation from the Kuwait Fund of Arab Economic Development (KFAED) who came to Cyprus on June 9 for a 20-day visit, discussed the possibility of partly financing the Vasilikos-Pentaskhinos water project. For this purpose, the six-man delegation met with the Minister of Agriculture and Natural Resources, Mr G. Tombazos. As it was announced, the finance discussed, concerns 2.5 million Kuwait dinars (around 9.2 million dollars). The delegation will visit various areas where there is the possibility of funding other projects. [Text] [Nicosia CYPRUS BULLETIN in English 30 Jun 79 p 3]

CEMENT, FROZEN MEAT UP--New prices have been fixed by the Ministry of Commerce and Industry for cement and imported (frozen) lamb. With immediate effect the cement price (Portland type) is fixed at £14.850 mils per metric ton ex-works, when in bags and £13.850 mils per metric ton when in bulk. The new prices for frozen lamb are: Whole lamb £1.010 an oke, cutlet £1.010 mils an oke and leg £0.950 mils an oke, wholesale. The retail prices are rump £1.235 mils an oke cutlet, £1.085 mils an oke and leg £1.000 mils an oke. An official statement said that the new prices have been approved by the Prices Committee. The increase in the case of cement was justified because of the considerable increase in the prices of fuel and power it was explained. In the case of the frozen lamb the increases were justified by the higher prices demanded by supplying countries. [Text] [Nicosia CYPRUS MAIL in English 1 Jul 79 p 1]

OLD AGE PENSION UP--A Bill passed by the House of Representatives yesterday provides for an average increase of 15 per cent to the retirement benefit paid to aged people under the social insurance scheme. Thus a pensioner and his wife who is now receiving £27.300 mils will be receiving £31.200 mils whilst a pensioner without any dependents who was receiving £19 will now receive £22.500 mils. The new increment takes effect as from this month. Under the new Bill the contributions to the social insurance fund are increased by 13 per cent as from October next. [Text] [Nicosia CYPRUS MAIL in English 29 Jun 79 p 1]

CIVIL SERVANT PAY RAISE--The House of Representatives yesterday approved a recent accord between the government and the public servants under which they are granted a 9 per cent pay increase. Out of this, 6 per cent will be paid retrospectively as from January and the remainder 3 per cent will be paid as from July 1. In addition, they will receive another 4 per cent increase as from January next. It has been estimated that the new increments will mean an additional charge of £3.2 million to the budget. [Text] [Nicosia CYPRUS MAIL in English 29 Jun 79 p 1]

RURAL ELECTIONS REGULATIONS SET--The House of Representatives yesterday approved a Bill whereby July 2 is fixed as the date for submission of candidatures for rural elections scheduled to take place on July 8. The Bill had earlier been approved by the Council of Ministers and was sent urgently to the House for approval. Nominations will start at 8 a.m. of July 2 and will end at 12:30 p.m. the same day. In cases where there are no rival candidates the only candidates will be declared as returned on July 3. Each village will elect a village committee comprising five members, one of whom will be the chairman. Before the House met, there was a closed session at which the Deputy Attorney General gave interpretative details to the members. It is understood that the members were told that village headmen whose appointments were terminated by the government were free to stand as candidates if they had not been sentenced by Courts of Law. This gives a corrected version to earlier interpretations that headmen who were removed after the coup did not have the right to stand for election. [Text] [Nicosia CYPRUS MAIL in English 29 Jun 79 p 1]

LUMBER PRODUCTS SALES UP--Gross sales of products by the Cyprus Forest Industries have exceeded the £2 million mark, the chairman Mr George V. Hadjianastasiou has told the annual general meeting of shareholders. The company's profits reached £183,275, of which £80,000 was allocated as a dividend (10 per cent) and the balance transferred to reserves. The Chairman said that the Board is already considering plans for expansion and diversification of production. The bulk of sales was in covered chipboard which amounted to £1,464,000 compared to only £844,000 in 1977 and £284,000 in 1976. The increase in this respect was attributed to the acceleration of building after incentives provided by the government. On the other hand, there was a drop in the sale of timber following the freeing of imports. The Cyprus Forest Industries, the chairman said, is in touch with the Ministry of Commerce and Industry and the timber merchants and hopes to maintain timber sales at 1979 levels. [Text] [Nicosia CYPRUS MAIL in English 29 Jun 79 p 2]

COUNTRY SECTION

FINLAND

RARE SHOW OF UNITY AT SWEDISH PEOPLES PARTY CONGRESS

Helsinki HUVUDSTADSBLADET in Swedish 12 Jun 79 p 2

[Editorial by Jan-Magnus Jansson]

[Text] The Swedish Peoples Party Congress this year broke all previous records in the question of unity. A question which naturally arises is whether the demonstrated unity is genuine or whether it is mostly a facade that is produced with a thought to outer solidarity.

The answer is that the degree of genuine harmony at present is actually quite great in the SPP. The demonstrative quarrels that characterized the party congresses before has disappeared above all because of the gradual disappearance of the two outer wings: the left from various defections in the 1960's, and the right because the group around Ehrnrooth separated a decade later. Obviously, the awareness that the party is close to a loss in the election has led to the need to hold together more closely. But one can also say that the mechanisms for mutual consideration have been developed during the year while one earlier preferred open confrontation. One example is the custom of allowing the most important directions to appear in the party's presidium.

The Swedish Peoples Party has every reason to be satisfied right now. The defection in opposition in the late winter of 1978 was no risk-free maneuver. It was certainly improbable, but not completely out of the question that the party would be exposed to a similar "freeze out" that happened to the Coalition Party. The lasting cooperation and the party's own very restrained policy in opposition caused the bridges to the government to remain intact. The opposition time was, as the party congress stated in its resolution, "well-utilized," and probably contributed to the satisfactory election result.

Reentry to the government was therefore psychologically easy and was supported by a practically unanimous party opinion. When the result of the governmental negotiations on the party's part were well known, the party congress had no reason to be critical. The fact that the

Swedish Peoples Party continues, at the end of the 1970's, to be an important force in Finnish politics is at the same time a remarkable performance.

Before the party congress, one assumed that the party right possibly would show a certain dissatisfaction with the results of the governmental negotiations. Partially, of course, the talked about "demand for change" had been considered only in a very limited degree when the new government was formed. Partially, the SPP right had themselves, because of the circumstances, remained without a seat in government, which had, for a little while, loomed in the negotiations.

But the right's participation in the debate remained quite moderate. There can be many reasons for this. The SPP conservatives can scarcely pretend to be satisfied with being in a party with a certificate for the government's efficiency when the largest opposition party is treated in accordance with contract servant rules. Inner cooperation within the SPP went well, and the party chairman complimented the party's "loyal conservative group." Finally, it is not popular now to criticize the newly designated government: there is general agreement that it must have a chance to show what it can do.

Naturally one could have gone deeper during the SPP congress into the political situation and would probably have found various things to worry about, for example the fixed political situation that had entered our parliamentarism in the 1970's. But one can scarcely ask that the SPP party congress take up questions for discussion that the leading opposition party in its congress saw fit to spend much time on. The mood of silence and waiting which marks the end of the 1970's in Finland could not leave the party unmoved.

If the party congress speakers lacked the desire to enter into actual political questions, there were in return many speakers who touched undercurrents in the development toward agreement. Special attention was paid to the report of a delegate who raised the subject of Professors Pesonen and Sankiaho where one notes a widespread alienation of ordinary citizens from political life. People are turning increasingly against the parties and toward the "one issue matters" which are more important to them.

But in such a situation the Swedish Peoples Party should be in a rather good position. The situation within the party has been characterized by strong opposition to new impulses. The SPP has for a long time had an extraordinary field organization. Because the membership in the party has become less and less usual and more and more characterized by a clear, political consciousness, new vitality has poured into this large organization. The face that the party is showing to the world--for example through its ministers, its parliamentary group or its presidium--is remarkably youthful.

In general it can be of value to devote an afterthought to the significance of the fact that the SSP has proven so attractive to youth both during the end of the 1960's and during the 1970's. By means of its nearness to the people, its non-dogmatic openness and its clear interest for "human society's" ideas, the tradition-rich party performed the magic of creating for itself new and fighting cadres. Those who are now taking over belong to a great extent to the militant youth of the 1960's. They, in turn, must be ready to raise the party up for the generation which is now coming. Much indicates that the relative quiet of the 1970's can retreat before a more lively decade in our society.

The event which--partially because of the lack of great debates--received the most publicity during the congress was the election of a vice chairman to replace Elly Sigfrids. It is perhaps significant that Paivi Hirsikangas, who was elected easily, represents those who have joined the party because of conviction and were not "born into" it. There can be reason not to exaggerate the political significance of her Finnish background without, as she herself did, emphasizing that it simply was a question of a personal selection. This does not prevent the election from indicating an extra reminder that the future of the Swedish Peoples Party, if the party wants to retain its strength, lies in its ability to attract the growing group of bilinguals.

9124
CSO: 3109

LIBERALS AND CHRISTIANS CARVE OUT NEW OPPOSITION ROLES

Helsinki HUFVUDSTADSBLADET in Swedish 12 Jun 79 p 2

[Editorial by Henrik von Bonsdorff]

[Text] The party congress merry-go-round has stopped for the summer. At the end of the week there had been meetings of--besides the Swedish People's Party--the Christian and the newly formed opposition party, and the Liberal People's Party, each in its own critical way.

For the liberals' part it was a question of an extraordinary meeting which was called to, among other things, discuss the party's position after the setback in the March elections, and to lay the basis for strategy in the next "fateful election," the municipal elections of 1980. Here there is, of course, much material for an exchange of opinions between the leadership and the troops. One remembers that about a year ago the opinion polls predicted a clear breakup for the liberals under the newly elected party base of Itala and in the spirit of its well publicized attempt to gather the middle class under the banner of the Liberal Party. Six percent of the electorate was for the liberals then, according to Gallup. In the election, the party received under 4 percent and lost more than half of its parliamentary group.

In spite of this, the congress remained relatively quiet on the election results. The election law's injustice to small parties received its share of criticism. But the Itala party base consoled itself and its people with the fact that the assembly at the meeting in Kouvola was larger than it has been for a long time, and interpreted this as a sign that the liberals still cannot be written off as a political factor.

Obviously, the new opposition role became a central theme at the meeting. A sharp, independent, but also objective line was promised, without, however the Liberal Party's allowing itself to be adopted by Likka Suominen and his conservatives. The Center Party and the Swedish People's Party received their share of expressions of dissatisfaction because they had defected in the middle of jointly agreed-upon government

policy goals for a few miserable minister portfolios. And a fight was promised to the Social Democrats against the "centrally run bureaucratic state" that they are trying to build up.

However, the party scarcely drew a contour-sharp profile of its opposition. On the other hand, it was obvious that the Kouvola meeting had almost completely forgotten the main question of last year: the winning of the middle class. Now youth was foremost, and especially the youth that was lining up in the Koijarvi camp. As a result of this, questions of employment and environment received significant attention in the debate. This same is true for the future of nuclear energy in the country.

It is naturally praiseworthy that the Liberal Party is trying to win the young electorate. But also as far as the middle class is concerned, there are many in the offing. And it is questionable whether it is only among the Koijarvi youth that the liberals have chances to make points. I wonder, also, whether these young people's confidence will grow when they learn that the party meeting's categorical negative stand on further planning and construction of nuclear energy only came about as a result of the party chairman's suggestion for a smoother writing to be put to a vote, after no one wanted to support it. Such foolishness seems like a technical meeting nonchalance which is "liberalism" written large.

The Christian Union has, of course, already had a certain experience in opposition politics. And its reelected chairman, Raine Westerholm, could also with some justification claim that the party had begun through the year to find something of a political content for its activity alongside of piousness.

But also as far as the Christians were concerned, the exchange of ideas gave a somewhat contradictory impression. The party chairman complained that the country's present leadership has established a type of "parliamentary dictatorship" in the society, which does not consider the election results at all. According to the report, this criticism is also directed against the president of the republic. And on the other hand he assumed that UKK in reality did not wish the government he got, but rather something completely different. The president should not stand in the way any longer for the entry of the Christians into government. Decisive instead were the ideological differences of opinion.

Westerholm complained further that the non-socialist parties which should have the best possibilities for cooperation throw away their chances solely because of the likes and dislikes of the party bosses. The Center Party was particularly criticized and was promised a close surveillance over its actions from the Christian side. At the same time, the

organization announced its intention to gradually take over a place in the political center. - This in spite of the fact that in the speaker's election--even though to the disappointment of many delegates--the Conservative candidate was elected and not Johannes Virolainen.

Even if Westerholm himself considers this maneuver as well the bitterly critical attacks which have been made in good will for the instruction of the Center Party, the "school children" in the Center Party leadership will hardly be receptive to such pedantry. How will things go for Westerholm and his organization, one asks oneself more and more, even after the meeting in Nyslott?

9104

CSO: 3109

VICISSITUDES IN U.S. DOMESTIC, FOREIGN POLICY CRITICIZED

Paris LE FIGARO in French 13 Jul 79 pp 1, 3 LD

[Article by Patrick Wajsman: "Unfortunately"]

[Text] Jimmy Carter has only one rival. And he is dead. In fact, in the course of the entire history of opinion polls, only former President Harry Truman "managed," in 1951, to be more unpopular than he: Even a Richard Nixon swept away by the Watergate storm did not fall so low. Even Gerald Ford (whose blunders reached such a scale that people used to joke that he would be "the first American head of state to be driven out of office by laughter") never contemplated the bottom of the abyss at such close range.

But what do temporary difficulties matter? What does the ill-humor of NEW YORK TIMES or WASHINGTON POST matter? What do accusations of incompetence matter? Feeling sure that the destinies of the No 1 power on the planet can be steered in the same way as Georgia can be governed, Jimmy Carter has again come to believe that he has discovered a miraculous scenario which will enable him to again achieve success by firing people's imagination.

Thus, after suddenly cancelling the important speech on the oil crisis which he had promised to make, he decided to withdraw to the rustic Camp David presidential retreat. He has been receiving there for days on end dozens of personalities from the industrial, political, labor union, university and religious world and has been asking for their opinion and advice as to the direction which the new U.S. energy policy should follow. And, more generally, on the methods to be used to restore a real national consensus. A sublime experiment in direct democracy and "participation" which, Jimmy Carter's aides are already telling us grandiloquently, will lead to major decisions and to a master plan which will "profoundly affect the nature of American society until the end of the century."

The reader will be kind enough to forgive my frankness--I find this parody of rustic government and the euphoric commentaries accompanying it both derisory and alarming. For a number of reasons.

First of all, because it is impossible to feel very happy when you realize that it has taken Jimmy Carter no less than 30 months to admit that he is totally incapable of controlling events. No less than 30 months to confess that he has no coherent vision of the world and no clear perception of his people's desires. For if this is not the case, how can you explain the fact that the incumbent of the White House has suddenly become aware of the mediocrity of the solutions which his usual experts have suggested to him? How can you explain the fact that he thought it fit to cancel "in extremis" the speech in which he had, after all, promised to make known to the Americans "genuine solutions" to the crisis? There are no two ways about it--either Jimmy Carter was preparing to propose unsound solutions to his countrymen or he was preparing to suggest to them any solution merely to "do something." In either case, glory was not awaiting him at the end of the road....

Let me add that by letting it be known, to the accompaniment of a great deal of publicity, that his rustic "brain storming" will inspire him with decisions which "will profoundly affect America's destiny for many years to come," Jimmy Carter has tacitly admitted that his previous decisions had not been of great importance. In fact, if as the U.S. President has admitted, a 10-day seminar in the countryside and all kinds of consultations are absolutely essential to adopt really serious and lasting measures, what should be thought of all those which are adopted in the course of feverish daily work? Should the aim of all important decisions made by a statesman worth of that name not in fact be to commit his country's destiny "for many years to come?"

Having said this, it seems to me that Jimmy Carter's scenario could give rise to an additional disadvantage. A much more serious one. I believe that by creating the impression that the energy policy which he will finally submit to public opinion is merely the arithmetical sum total of the various advice received at Camp David, the American chief executive exhausts his last credibility reserves. His fellow citizens would undoubtedly be quite prepared to back any austere or even constricting proposals. But on one condition--they must feel sure that the proposed solution is the only practical one. In short, they must feel that it is "inescapable" and is not the fruit of conflicting pressures, of the wary weighing of pros and cons, and of cringing [frileuses] hesitation.

Now who can be made to believe that the Camp David production really guards against such a risk? Whom can you try to persuade that after receiving three groups of congressmen, a handful of industrialists, a few economists, a sociologist and a bevy of pastors, Jimmy Carter will necessarily make a decision in the best interests of America? Whom can you convince that a man who openly elevates doubt to the dignity of a system of government will at last be able to compel support from the people and convince the electorate that there is no better way of doing things than his own? That no other energy program that his own could be more effective?

In any case, without in any way trying to overwhelm Jimmy Carter, how can you forget that most of his decisions seem to have been made at random? As a result of a game of "421" or roulette?

In Iran, Carter relied on the shah. Then on the army. Then on Bakhtiar. Then on Bazargan and Khomeyni. What kind of consistency is this?

In Nicaragua, he at first supported the dictator Somoza. Later, he penalized him by cutting off all military aid for him. Then he solaced him by granting a loan to his government (within the IMF framework). Still later he opposed him again by requesting his departure. What kind of logic is this?

I could very easily give more examples of Carter's versatility and show how it has developed whether in connection with SALT, or human rights, or the Israeli-Arab conflict or security in the Persian Gulf. But what be the good of this? There is nothing more to add.

When he was a mere candidate for the U.S. presidency, Jimmy Carter liked to repeatedly state with touching modesty when addressing crowds which used to come to acclaim him: "I am an ordinary man. I do not claim to know everything. I am neither more able nor more intelligent than you."

It can now be perceived that he was telling the truth.

CSO: 3100

COUNTRY SECTION

FRANCE

INDUSTRY MINISTER GIRAUD INTERVIEWED ON UNEMPLOYMENT

Paris LE NOUVEL ECONOMISTE in French 25 Jun 79 pp 50-51

[Interview of Industry Minister Andre Giraud by Jacques Barraux--date and place not given]

[Text] LE NOUVELLE ECONOMISTE: During the last few months, you have spent most of your time in the capacity of minister of energy. Do you have enough time left to serve as minister of industry as well?

Andre Giraud: As a matter of fact, our energy policy is only one of the facets of our industrial strategy. This strategy is based on a simple decision. French industry must be competitive in the world market. Unfortunately, its efforts have been seriously thwarted by an incontrovertible fact, namely, an energy bill which has become more difficult to pay each year. To be competitive under these conditions means to be capable of helping the French community to maintain a foreign trade balance. Industry must compensate for imports of raw materials. And, of course, it is out of the question to succumb to the temptation for protectionism. How would we be able to sell our products abroad and maintain our supplies if we were to keep foreign industrialists out of the French market? It's not even a question of doctrine. There are no countries in the world who have been able to close their borders unidirectionally.

LE NOUVELLE ECONOMISTE: How can the government assist French enterprise in becoming more competitive?

Giraud: Certainly not by taking control measures. The role of the government should be limited to improvement of the business environment. Now, this environment should be stabilized on three points:

FINANCIAL CHANNELS: The Ministry of Industry plays a direct role in the preparation of the policy for helping business innovation and creation. As for the rest, the decisions of the government which may affect financing of business organizations naturally take into account the concerns of industrial policy.

ADMINISTRATIVE CHANNELS: I am fighting for relief from the constraints that burden industrialists. Everyone complains about the increase of regulations but they all call for intervention by the government at some time or other. As for me, I cheerfully reject every decree and memorandum which does not seem to be to be really indispensable. I am very much afraid that a burdening of administrative worries would sterilize the resources of audacity, imagination and mobility of business leaders.

REGIONAL ORGANIZATION: It seems to me that it is indispensable to relegate the maximum number of decisions to the regional levels. We recently decentralized the industrial policy credits and the credits for helping to conserve energy. We are beginning work on regionalization of the procedures for aid to innovation. My objective is to give each provincial business leader a single regional interlocutor.

LE NOUVELLE ECONOMISTE: Does this mean that you are going to reorganize the decentralized services of the Ministry of Industry?

Giraud: We are in the process of reorganizing the inter-departmental Industry Service, that is, the former mine service which was first renovated by Michel d'Ornano. This must be done with the regional economic mission, the chambers of commerce and the employers' associations.

LE NOUVELLE ECONOMISTE: In view of the new organizations, can you explain how the sectorial policy of the government has changed?

Giraud: Since the creation of the general board of directors for industry, the ministry is no longer satisfied with a purely sectorial view of the industrial world. First of all, we strive to think about everything that can help the firms to become developed such as financing, management, environment, manpower training, etc. The live wires of the general board of directors for industry are trying to speak the same language as the business men. Thus, the Ministry of Industry serves as a balance to the other ministerial departments. It speaks on behalf of business before the Ministry of Finance or the Minsistry of Labor.

As for sectorial action, we may say, to put it simply, that its goal is to compensate for the imperfections of the law of supply and demand. Our first task consists in determining why this law of supply and demand does not operate well in this sector. There may be many causes for this, namely, organizational anomalies, a new industry which has not yet been well mastered, an aging industry seeking to find new life, etc. Actually, we have classified French industry into four large groups.

THE INDUSTRIES OF THE FUTURE: We believe that it is the duty of the government to assist French industry to take a position in the markets of the future. Our action in this area is facilitated by the existence of private operating agencies, for example the Agency for the Conservation of Energy, CNES (Central National d'Etudes Spatiales) (National Space Research Center), CNEXO (Centre National d'Exploitation des Oceans) (National Center for Exploitation of the Oceans), Solar Energy Commission, etc. These agencies serve to trigger public action. Furthermore, some of the sectors involved are now well developed. The nuclear industry already employs more personnel than the steel industry and the computer industry employs three times as much (in manufacture and use of equipment). Space is also becoming industrialized.

Thus, some of these industries of the future are at present large industries. For example, I would like to point out the degree of expansion which can be expected of the electronic industry in its various forms. It would take a long time to speak about the sectorial policy in this area. Nevertheless, the influence of the government, which attempts to be discrete, is not unimportant as you know. The aeronautics industry is an example of the same type.

THE CONVENTIONAL INDUSTRIES WHICH MUST BE RENOVATED: Some of these industries are sufficiently strong to be able to take care of their renovation by themselves without receiving help from the government. This is particularly true of the automobile industry. Others need to be more seriously supported. The machine tool industry, for example is forced to be converted to computer control or to microcircuits. The textile and clothing industries must also conform to the discipline of renovation. It should be pointed out that the latter category of industries contains the highest percentage of manpower in French business.

THE INDUSTRIES OF FARM FOOD, WOOD-PAPER AND LEATHER: France has immense resources in the various farm food and forestry industries but she exploits them poorly. Therefore, the government wishes to deal separately with the sectors concerned. However, you cannot imagine the problems that this brings. Thus, for example, the development of a lumber industry policy assumes the juxtaposition of regulations dealing with forestry, wood sawing, furniture, wallboard, wood pulp, paper and newspapers. We must match several series of devices. We have just done this for wood and for leather.

THE INDUSTRIES OBLIGED TO CHANGE COMPLETELY: Of course, this concerns the difficult records of the steel industry or the naval shipyards. The range of difficulties of the sectors concerned obliges the authorities to intervene directly and with force.

LE NOUVELLE ECONOMISTE: You appear to assign particular importance to the problems of renovation. Isn't French industry falling far behind with respect to the very limited number of its new products?

Giraud: Indeed, the United States and Japan display astonishing zeal in this area. We have only begun to be concerned about this recently. In fact, in order to be successful in industrial renovation, it is not enough to seek to improve quality--which is fortunately the case with France. I would first like to explore an idea which I have received. We must not believe that our cause is lost because France has a deficit in patents and licenses. The Federal Republic of Germany and Japan have balances of patents which are frankly disastrous. For many years, France has not exerted sufficient effort in favor of innovation. France has millions of innovators in factories, universities, small businesses and artists' studios. Airplanes were not invented in the laboratories. The field of research does not stop upstream from innovation. It goes downstream as well. Aeronautics furnishes proof of this fact.

LE NOUVELLE ECONOMISTE: Some researchers consider you to be an opponent of a broad research policy. How would you answer them?

Giraud: I would say that I am a fierce proponent of basic research but that I am very wary of what is usually called "applied research". Basic research must remain sufficiently free and, above all, must retain its high quality. It permits the country to remain in the lead intellectually and to assimilate the foreign scientific movement. This is a type of research that is guided by ideas, by intellectual curiosity and not by goals. It is indispensable even if it does not appear to be productive in the medium or long run. On the other hand, applied research is intended to lead to practical results. It is research that is guided by the requirement to satisfy a need. The objectives must be defined for such research and the latter must be stopped if it does not attain them. An innovation is a marriage between a need and a solution. It is often the result of a coincidence of two different techniques. The objective of a policy of innovation is precisely to increase the probability of such a coincidence.

LE NOUVELLE ECONOMISTE: According to you, which are the industrial fields of the future?

Giraud: I envisage mainly seven of them:

THE NEW ENERGY INDUSTRIES: The nuclear industry in our country has already matured and the roles have been well assigned. The same thing is true for the petroleum technologies which will continue to develop. As for solar energy, we are working on a program for it.

SPACE INDUSTRY: With the advent of Ariane, Europe has managed to transform a group of "diplomatic" industries into a corporation which is capable of exporting equipment. This is a good omen for all of our space program which entertains ambitions of exporting its products.

EXPLOITATION OF THE OCEANS: Our luck varies from one sector to another. In underwater exploration, we rank second in the world. On the other hand, in aquaculture, we are having trouble in outdistancing conventional fishing.

CONSERVATION OF ENERGY: We are only at the beginning but the program for action is consistent.

DATA PROCESSING AND MORE GENERALLY MICROELECTRONICS: We have good positions in the services and in the data processing related industries. We rank third in components.

TELECOMMUNICATIONS: The telecommunications management has done a great job. The French groups are completing their industrial organization. We have been lucky.

BIOTECHNOLOGY: The Americans and Japanese have already taken a long lead. We must react very quickly if we do not wish to fail in this key sector of the future.

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CSO: 3100

MINISTER OF INTERIOR BONNET INTERVIEWED

Rabat L'OPINION in French 13 Jun 79 pp 1, 3

[Interview with French Minister of the Interior Christian Bonnet, in Paris, by Salmouni Zerhouni--date not specified]

[Text] After the adoption by the National Assembly of the bill providing for modification of the ordinance of November 2, 1945 concerning the conditions for entry and stay of foreigners in France, L'OPINION approached Christian Bonnet, French minister of the interior, to ask him if he would be kind enough to furnish an explanation of the new measures which the French Government had decided to take with regard to foreigners who were staying in France under irregular circumstances.

L'OPINION: Mr Minister, there exists in France a national police force and a national gendarme force. There is what is referred to as an "elite police force." What is the relationship that exists among the various security forces? How is the security of persons and property assured within France?

Mr Bonnet: The national police force, which is under the Ministry of Justice, consists of civil service employees wearing civilian dress (inspectors) or uniform and includes the competent urban police in the cities, the judicial police responsible for repression of crimes and misdemeanors, the general information offices charged with governmental information, the state security police, auxiliary forces charged with the mission of maintaining order and several other smaller services.

The national gendarme force comes under the Ministry of Defense and consists only of military personnel who are responsible for policing in areas where the national police does not have jurisdiction--to put it simply, in the countryside and the villages. For performance of these duties, the gendarme force is at the disposal of the minister of the interior. It also includes the mobile gendarmes, an auxiliary force which participates in operations for the maintenance of order.

What you call the "elite police force" is the General Board of Inspectors of the national police, which is charged with advising the higher authorities when the behavior of a policeman in the performance of his duties is questioned. This is a surveillance corps having a very small staff and is in no way a special police force.

Finally, it should be noted that the police officers and the soldiers of the gendarmerie force are agents or officers of the judiciary police. This means that they are placed under the control of judges when they furnish aid in the administration of justice.

L'OPINION: Mr Minister, what are the main features of the law recently passed by the National Assembly with regard to conditions for entry and stay of foreigners in France?

Mr Bonnet: The bill which you bring up has just been voted on by the National Assembly and will soon be discussed in the Senate. Its purpose is essentially to permit the French authorities to keep better control of the entry of foreign subjects into France and to expel those who are in the country in an unauthorized status.

Since 1974, the French Government has practically stopped immigration. However a very large number of foreigners, estimated at several thousand, have entered France without authorization and have remained within the country. This situation can only cause harm to the more than four million foreigners whose residence within France is authorized. Consequently, the government has decided to put an end to this situation.

During the debating carried on in the National Assembly with regard to this bill for which the government was severely criticized by both the socialists and communists, Christian Bonnet made the following statement: "France is traditionally a hospitable nation and did not discontinue being so in 1974, although, from this time on, the public authorities have attempted better to adjust the influx of immigrants to the economic situation. It is known that, on January 1, 1974, there were 93,000 political refugees or stateless individuals in France and that by January 1, 1979, this number had increased to 108,000? Do people know that foreign students, who numbered 66,000 in 1974, now number 104,503? Four million foreigners (in 1974) enjoyed a recognized status. The number increased to 4,250,000 in 1978. Only those who are here in an irregular status are being watched.

"The French Government is certainly willing to welcome those persons who have fled from their countries for political reasons and qualify as refugees. France, which has a liberal tradition, is also willing to have foreign students (genuine ones) who wish to come here and obtain an education, benefit from its culture. France is naturally willing to maintain on its territory men, women and their children who long ago came here to offer their labor to France and to submit themselves to its laws.

"However, France is not at all ready to accept the fact that some foreigners, often after having been fleeced by clandestine escape agents, fleeced again by traffickers in false documents, and fleeced once again in order to obtain, not a room but a bed, surrender to the labor black market to the detriment of their countrymen who have an authorized status, to the detriment of French workers and to the detriment of our social security system. France is even less ready to accept the fact that certain marginal operators, be they bogus students or bogus workers, against their wishes and due to circumstances beyond their control, be forced to live by their wits, thus running the risk of damaging the image held by public opinion of the 4 million foreigners whose status is authorized."

Explaining the purpose of the bill which was amended and passed at the first reading, Christian Bonnet, made the following statements:

"The ordinance of November 1945, which governs the entry and stay of foreigners in France, lays the foundation for control by the immigration authorities of the delivery of entry and residence visas by the French consuls in foreign countries to persons who wish to come to France. If a foreigner presents himself at the border without a visa, he cannot be admitted. However, since 1945, the nature of immigration and the conditions of international traffic have been drastically changed.

"In 1945, it was a matter, on the one hand, of assimilating a foreign population that was small in numbers and principally of European origin (Poles, Italians, Spaniards) and, on the other hand, of controlling the arrival of new immigrants who were obligated to have in their possession a visa for residence in France (obtained prior to their entry into French national territory).

"Since then, due to the process of decolonization, a state of uncontrolled traffic of persons between France and French-speaking African states has been maintained. This exceptional condition gradually began to disappear after the holding of open negotiations with the governments in question. "On the other hand, due to the large scale increase in tourism since the end of the World War II, the government has been led to the rather widespread elimination of visas for short periods (less than three months). These massive movements (500,000 persons enter or traverse French territory every day) have had the effect of increasing the number of those individuals who, having come to France under these terms, try to remain there at the end of the period which is granted to them. These foreigners evade the orders which oblige them to leave French territory.

"The responsible authorities do not possess the legal and practical means of coercion necessary for the defense of the national interest. It is therefore an important matter to fill in the loopholes in the ordinance of November 2, 1945, specifying that entry into French territory may be forbidden for reasons other than absence of the documents and visas that are

required by international agreements. The ordinance should also be modified in order to establish, without any possible ambiguity, that the foreigners who are not admitted or who are expelled may be placed in government quarters during the time which is strictly necessary for their departure.

"In many cases, it is really illusory to make a decision and to leave its implementation to the good will of the person who is a target of this decision. Experience has often shown that the interested parties try to evade application of the measure taken against them and that they succeed easily with the help of their countrymen who are already settled in France or thanks to the support of organizations and committees created for this purpose.

"Furthermore, the modifications proposed appear in most of the codes of law of the European nations which are neighbors of France, namely, Great Britain, the German Federal Republic and Switzerland. To be sure, differences do exist but they are due essentially to the governmental organization that is peculiar to each country.

"The principles which govern the conditions for admission and stay for foreigners are comparable, since they are indispensable for assuring effective control of foreign immigration and protection of public order," said Christian Bonnet, minister of the interior, in conclusion.

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CSO: 3100

COUNTRY SECTION

FRANCE

BRIEFS

PSF HEADQUARTERS MOVE--The PSF's national secretariat, as of last Wednesday [18 July], has been considering the possibility of vacating its quarters at the Place du Palais-Bourbon so as to move into larger quarters and have its entire executive staff under one roof. Francois Mitterrand is to make his decision this week. [Text] [Paris LE POINT in French 23 Jul 79 p 22]

NEW CDS PRESIDENT--Jean Lecanuet will turn over the presidency of the CDS [Social Democratic Center] to Bernard Stasi. Lecanuet will devote himself entirely to the UDF thereafter. [Text] [Paris LE POINT in French 23 Jul 79 p 22]

LEBANESE, FRENCH COMMUNISTS MEET--Lebanese Communist Party Politburo and Secretariat member Khalil Dibs met with PCF Politburo member Maxime Gremetz in Colonel-Fabien Square Tuesday 10 July. K. Dibs gave detailed information on the situation in Lebanon and in the Arab world and on the Lebanese communist party's activities. [Text] [Paris L'HUMANITE in French 12 Jul 79 p 6]

CSO: 3100

NATIONAL ENERGY COUNCIL DISCUSSES ENERGY POLICIES

Athens BUSINESS & FINANCE in English 23 Jun 79 p 5

[Text] On the occasion of the assignment of the new members of the National Energy Council, Coordination Minister Mr. Mitsotakis reported that the Energy Council faced a difficult, but important task, because the shaping of the country's energy policy must be through versatile and adaptable means and must be the product of a general overview of the energy sector in Greece. At the same time, however, world economic and technological developments concerning the disposal and cost of the various forms of energy must be constantly reviewed.

Members of the new Council are:

--Dim. Symeon, General Director, DEP (Public Petroleum Corporation), alternating with Mr. G. Doumenis, DEP Financial Director.

--Th. Papalexopoulos, Civil Engineer and member of the Board of the Public Petroleum Corporation, alternating with Dr. Vasileios Tsopanopoulos, Chemical Engineer.

--Nik. Koumoutsos, Professor at the Technical University and member of the Board of the Atomic Energy Authority alternating with Dr. K. Tzanos, a nuclear engineer at the Dimokritos Nuclear Research Centre.

--Sokr. Potamianos, alternate Director General at the Ministry of Industry and Energy; substitute member will be Mr. K. Koukouzas, a geologist with IGME.

--Dim. Bekiaris, Ministry of Transportation Director alternating with Mr. I. Lambros, Director of OSE (Hellenic Railways).

Mr. G. Pappas was assigned as President of the National Energy Council and Vice President is Mr. N. Koumoutsos.

CSO: 4920

CRISIS IN BUILDING ACTIVITY DETAILED

Athens TO VIMA in Greek 3 Jun 79 p 10

[Article by Mikh. Gerakis]

[Text] Hundreds of apartments--both working-class and luxury apartments--have remained unsold for several months now in various residential districts of Athens, and it appears from the way things are going that they will have to wait for a very long time yet before finding buyers.

This is the first clear effect of a serious crisis which has begun to threaten construction activity in the capital, the immediate consequence of which will be the causing of unemployment in all those occupations which are involved in construction, and at the same time the aggravating even more of the housing problem of workers.

Signs of unemployment have already begun to appear within the first stage of the construction process--that is, among diggers and concrete workers. This crisis would have begun to appear some time last year if in the meantime the Ministry of Public Works--and specifically Deputy Minister Manos--had not announced certain "restrictive measures" in the construction sector, which however had the opposite effect. One of these measures--which had such an effect even before it came into force--was the announcement about a decrease in the building rates in most neighborhoods of Athens.

Large Supply of Building Lots

As soon as this intention of the Ministry of Public Works became known, the owners of building lots hastened to put their lots up for sale, so that the new measures would not "catch them napping" and so that they could make more capital out of their own land. The result of this was the emergence of an abundant supply of lots for building on, a fact which is apparent from the building plans which have been deposited at the city planning offices and from the permits which have been issued.

But the offerings of the building-lot owners were not so very attractive to the builders, as they themselves say, because the lot owners have not

shown any inclination to decrease the payment rates which they have been asking. Both the lot owners and the builders have been coming to the realization that with a decrease in the building rates, there would also be a decline in their own profits from the overexploitation of building-lot land.

Another measure which gave a new impetus to building activity was the announcement, again by the same deputy minister, of the draft law on the construction of garages in buildings which are newly erected, or else the payment of a monetary fee proportional to the number of apartments owned.

The announcement of this measure, even before it went into effect, gave a new reason to the owners of building lots to hasten to conclude contractor's agreements and to issue building permits, since this bill had no provisions about having a retroactive effect. And this second measure gave a greater impetus to building activity, because "those whose objective is to cash in on their land by building on it" hastened to "acquire" some building lot or other at good terms, since the panic-stricken owners of the building lots--above all of those in residential districts--were dashing about trying to "unload" their building lots in order to avoid "suffering" under the approaching decrease in the rates of building. The immediate consequence of these two factors was the appearance of a large supply of apartments on the market, but without the existence at the same time of the corresponding buyers on the "other side."

In addition to these two measures which the government took to check the "building craze" in the capital--but which had an effect opposite to the aimed-at objective--the government also took other "tough measures" to oppose the high level of activity in the real-estate market.

These measures had as their desired objective the discouraging of the consumer from spending his money in the sector of building through the purchase of apartments, and of getting him to turn to more productive sectors by depositing his money in the banks or by purchasing industrial stocks, so as to stimulate the capital market.

Evidence of Income Sources Requirement

One of these measures, which put an end to any inclination to purchase on the part of the consumer, was the instituting of the famous evidence-of-wealth requirement and especially the "source of wealth" presumption for the purchase of real estate.

Purchasers will have to justify to the revenue department where they got their money to purchase the real estate. Otherwise they are considered to be tax evaders.

Of course, wage-earners who do not have any other income are able to assert that this money comes from savings made over the years. But this is not the case with those in the liberal professions, particularly lawyers, doctors, and others who have opportunities--in contrast to other workers--to conceal a part of their incomes from the revenue department.

This specific factor was the first thing which brought to a standstill the demand for buying apartments and offices in the urban and semi-urban neighborhoods, where homes are purchased for the most part by those in the liberal professions, who are in the high and middle income brackets.

Regarded as such neighborhoods are Kalandrion, Ambelokipoi, Amarousion, Agia Paraskevi, Kypseli, Pangrati, Zografou, and others.

Loopholes

Of course, "loopholes" were also found which allowed the tax dodger to make his purchase in such a way that the revenue department could not catch him, so that he would not be compelled to explain where he found the money he spent. Thus, certain notary publics, in order to "serve" their clients--usually those having a large income level--are giving on the contract the "particulars of purchase." That is, they are saying that the real estate is being purchased in quarterly or half-yearly installments. The collection of the money will be substantiated by written receipt. But after the inspection of the books, the purchaser gives all the money to the owner of the real estate and in this way he escapes from the control of the revenue department.

Following the urban and semi-urban neighborhoods, there came next the series of working-class neighborhoods where for the most part homes are purchased by wage-earners, who supplement their savings with some kind of housing loan in order to thus be able to purchase a home. But the government discontinued the housing loans and thus the dream of thousands of lower-class households is becoming--at least for the present--an unrealizable one.

Even in connection with the loans of the Workers Housing Organization, which have already been approved, those entitled to these will have to procure--before any kind of agreement is concluded with a builder or owner--a note from the Land Bank which will confirm to them when they will be able to receive the money.

The present building crisis has also affected the services performed by the notary publics, which have declined by 30 percent, according to statements made by the president of the Association of Notary Publics, Mr Katsanos. The only people who are purchasing apartments and real estate in general today are seamen and Greeks living abroad, because since they bring in foreign exchange they do not pay a property transfer tax, nor is the "source of wealth" provision in effect for them.

Hundreds of Unsold Apartments

In the present building crisis (which it appears will be lasting rather than transitory, as follows from the factors which are causing it), no builder is "concluding" new contractor's agreements before he is "done with" the previous ones. Moreover, there are many builders who have tens or even hundreds of apartments which they have not been able to sell for the past 6 months or more.

A spectacular example is that of Dim. Kakkavas, who is regarded as one of the greatest of builders in the Athens area. As he himself says, within 1979 he has sold only 65 apartments out of the 650 which he had built. That is, he has left over 80 percent not yet sold. Specifically, in January he sold 21, in February 20, in March 13, in April 11, and in the first two weeks of May only 4 apartments. In addition, all the sales were made in installments and none in cash.

From the figures of his own business, added Mr D. Kakkavas, it seems crystal clear that apartment sales are falling sharply--something which will in fact very soon result in unemployment in all those occupations which have to do with construction. But in addition to the government's measures (decrease in the building rates, draft law on the construction of garages in apartment buildings now being built, instituting of the "source of wealth" requirement for the purchase of real estate, suspension of housing loans, and so forth), which have contributed to the creation of the present crisis, another additional factor is the high selling prices for apartments. And this is due to the rapid increase in prices for raw materials, in wages, and in other factors, which are making the cost of constructing a building rise very high. Furthermore, today's buyer, when he decides he has the means to purchase an apartment, is demanding a very carefully built structure and not something makeshift, such as was often the case in previous years.

Skyrocketing Prices

In fact, even in the working-class neighborhoods, the prices for apartments are skyrocketing--a fact which discourages many families from setting as an objective of their households the acquisition of an apartment and in this way escaping from the necessity of paying rent.

It is characteristically reported that in Nea Ionia, the price per square meter for an apartment fluctuates between 18,000 and 25,000 drachmas, in Galatsion between 20,000 and 24,000 drachmas, in Kallithea between 20,000-28,000 drachmas, in Kalandrion between 25,000-32,000 drachmas, and so forth.

This is a sign that the State has been at all times implementing a building policy and never a housing policy. Throughout the post-war years, it has never been interested in solving at long last the housing problem of thousands of workers who remain "homeless" and who are living through the "ordeal" of the rental system in all its variations.

The Most Serious Building Crisis

A similar building crisis had appeared in 1967 at the beginning of the dictatorship, and also in 1973-74. But today's crisis is characterized as the most serious of all by those trades which are involved in construction (Civil Engineers Association of Greece, Association of Architects With Advanced School Certificates, Panhellenic Union of Entrepreneurs and Builders for Construction and Technical Projects).

Our crises in the building sector generally, explains the president of the Civil Engineers Association of Greece, N. Gratsias, have always been due to government interventions which had as their objective the so-called cooling down of the economy, since the construction sector is always being regarded as a factor contributing to inflationary pressures.

We can mention as an example the crisis of 1973-74, in which the demand was reduced by means of governmental measures which missed the mark then as well, such as the announcement of the provisions of the GOK [General State Building Regulations] 6 months prior to their being enacted, "supplementary charges" on building permits, and discontinuation of housing loans.

But today, emphasizes the president of the Civil Engineers Association, besides the repetition of these phenomena, another serious factor which has no connection with business-cycle events is present which has to do instead with the structural changes which the government is striving for in the building sector, within the framework in particular of the entry of our country into the European Economic Community. The objective being pursued is a change in the manner and mechanisms of constructing buildings in Greece. That is, a transition from the isolated building to the large complex of buildings, from the small business partnership with a limited amount of capital to the large corporation having a basically commercial nature, which of course will be dominated by large-scale capital, chiefly banking capital.

For the achievement of this objective, the government is on the one hand taking measures to restrict building activity, and on the other hand it is taking measures to create conditions favorable to the transition to the form of organized construction methods.

A characteristic example is the draft law on the ekistic areas which was submitted a few days ago to the Chamber of Deputies, in which these objectives are plainly described, inasmuch as it provides that these new ekistic areas will be built by corporations which have a capital of more than 30 million drachmas. These companies will undertake the expropriations of the building lots, the infrastructure projects, the construction work, and the management of the apartments.

The privileges which are being given to such companies (tax exemptions, loans, and so forth) will be conducive to the disappearance of the small construction outfits and to making employees out of the 10,000 civil engineers and architects who are currently involved in the construction business.

In order to deal with this particular scheme of the government, the Civil Engineers Association is planning to form, at first on a trial basis and later on a permanent one, cooperative outfits in both the horizontal and vertical directions of association--that is, with all those people who are involved, from the technical aspect, in construction work.

Also in agreement with the positions taken by the civil engineers on the building crisis is the Association of Architects With Advanced School Certificates. These two groups have jointly held various meetings where they have leveled detailed charges against the various draft laws concerning the construction sector, denouncing them as unrealistic and ill-chosen.

At the same time, the builders are planning for a suspension of construction work this month, in response to "the generally wretched manner in which the government is dealing with construction activity, by passing laws which hurt the construction sector, the immediate result being unemployment in all the trades which are involved in building," as is characteristically stated by And. Kounanis, president of the Panhellenic Union of Entrepreneurs and Builders for Construction and Technical Projects.

The contribution of the construction enterprises throughout the post-war period is indisputable, he adds. The construction businesses have filled in for the inadequate housing policy of the State, through their housing of hundreds of thousands of Greek families.

They have given and are giving work to an incalculable number of Greek workers, and they have created through the growth of their activity thousands of large-scale and cottage industries which are employing in their operations a large part of the Greek economically active population. And it is self-evident that these will not be able to function without the concurrent existence of construction activity. But each successive government has used the construction sector as a means of heating up and cooling down the national economy.

It is the fate of this profession, concludes Mr Kounanis, and up to a point we have gotten used to the fact of its contributing to the daily anxieties of our work. But since the middle of last year, we have not been facing the well-known treatment which we were familiar with. The successive ruinous measures which the government has taken and which it is thinking of taking, to the detriment of the construction sector, are not measures which have to do with the economy, but measures of persecution and destruction of the construction businesses.

Prices Will Not 'Fall'

Of course, one would expect the large supply of homes to have the result--following the fundamental law of supply and demand--of a decline in apartment prices. But at least for the present, it does not seem that this will happen.

As the builders themselves explain, apartment prices are not going to "fall" because their construction costs have increased immensely--something which depresses the profits on them. Only those who have assumed already contractor's obligations (being obliged to finish some other apartment building) will perhaps be compelled to sell at prices which are lower than those of today, in order to cope financially. In any case, the percentage of such builders is exceedingly small, and this is not going to affect the overall market cycle.

On the contrary, all agencies which are involved in construction are maintaining that apartment prices will end up being exceedingly high if there is passage in its present form of the draft law which makes it obligatory to construct car parking areas in newly-constructed apartment buildings--something which will mean a significant additional increase in construction costs, which upon being apportioned to the cost of each dwelling will make the price for such homes prohibitively high. The same bill obligatorily imposes a fee which is to be paid to the FTERPS (Special Fund for Implementation of Regulatory and City Planning Schemes) for every building in which, in the judgment of the Housing Service, the construction of a garage is not feasible.

This "extortion," as the builders call this fee (they estimate it to be from about 200,000 to 500,000 drachmas for each apartment, depending on its area in square meters) threatens to put an end to all property transactions, and it will help to make apartment prices skyrocket, causing them to become out of reach for the majority of the residents of the capital area who are facing a housing problem.

Thus the dream of thousands of workers to acquire a home and to thus be able to lift up their heads and the heads of their families will become unrealizable. Not having any other choice, certainly, under conditions of acute inflation, they will turn to the acquisition of other consumer goods, thus fueling inflation further.

It does not appear that the objective of the government to compel the working and middle classes to invest their savings in more productive sectors is being realized, since in fact the State has lost the confidence of its citizens.

Table 1. The "Movement" of Real Estate in the Municipality of Athens, Galatsion, and Other Areas Between January 1978 and the Present

<u>ΧΡΗΜΑΤΑ (1)</u>	<u>ΔΙΓΟΡΑΠΟΛΙΣΙΕΣ (2)</u>	<u>ΔΞΙΑ (3)</u>	<u>(4) ΔΩΡΕΣ</u>	<u>(5) ΠΡΟΤΥΚΑΣ</u>
<u>ΑΝΤΑΛΛΑΓΑΙ</u>				
6) 'Ιανουάριος 1978	1.194	1.150.472.652	157	138
θερμούλιας "	1.539	1.320.386.462	187	141
Νότιας "	1.929	3.227.857.935	192	171
'Απρίλιος "	1.787	1.446.269.953	240	157
Νέας "	1.589	1.157.506.789	199	161
'Ιουνίου "	1.970	1.382.771.156	198	152
'Ιούλιος "	1.590	1.610.500.628	219	126
Αύγουστος "	1.130	1.113.339.520	139	105
Σεπτεμβρίου "	1.282	1.041.596.192	138	111
'Οκτωβρίου "	1.395	1.467.600.062	151	120
Νοεμβρίου "	1.478	1.890.515.044	194	132
Δεκέμβριος "	1.453	3.885.072.942	210	181
'Ιανουάριος 1979	1.503	1.258.079.729	162	128
θερμούλιας "	1.667	1.404.855.384	195	142
Νότιας "	1.589	1.489.931.960	241	188
'Απρίλιος "	1.333	1.138.246.400	182	163

Key:

1. Month
2. Transactions-Exchanges
3. Value
4. Bequests
5. Dowries
6. January 1978, February, March, April, May, June, July, August, September, October, November, December, January 1979, February, March, April

It seems to be clear from this table that in the past 2 months of 1979, the purchasing of real estate in Athens has declined very much in comparison to the corresponding months of 1978. The data are taken from the Athens mortgage registry. The value referred to is that which is recorded in the contracts, and it is very far from the genuine values.

Table 2. Number of Building Plans Submitted and Permits Issued by Month at the City Planning Offices in Attiki for 1978

	(1) ΑΘΗΝΑ	(2) ΆΓ. ΠΑΡΑΣΚΕΥΗ	(3) ΑΙΓΑΛΕΟ	(4) ΠΙΡΑΙΑΣ	(5) ΣΥΝΟΛΟ					
ΜΗΝΑΣ (6)	ΜΕΛΕΤΕΙ (7)	ΑΔΕΙΕΣ (8)	ΜΕΛΕΤΕΙ (7)	ΑΔΕΙΕΣ (8)	ΜΕΛΕΤΕΙ (7)	ΑΔΕΙΕΣ (8)	ΜΕΛΕΤΕΙ (7)	ΑΔΕΙΕΣ (8)	ΜΕΛΕΤΕΙ (7)	ΑΔΕΙΕΣ (8)
ΙΑΝΟΥΑΡΗΣ (9)	614	443	640	467	276	376	784	756	2314	2042
ΦΕΒΡΟΥΑΡΗΣ	581	524	680	517	587	384	903	583	2731	1988
ΜΑΡΤΙΟΥ	734	569	750	701	637	387	843	680	2864	2337
ΑΠΡΙΛΙΟΥ	697	566	829	728	831	518	720	648	3077	2461
ΜΑΐΟΥ	752	566	895	818	923	531	932	720	3502	2635
ΙΟΥΝΙΟΥ	1489	629	1212	935	952	777	1448	761	5101	3102
ΙΟΥΛΙΟΥ	839	1141	1624	1269	1344	1607	1321	1376	5128	5393
ΑΥΓΟΥΣΤΟΥ	—	—	—	312	71	—	—	—	71	312
ΣΕΠΤΕΜΒΕΡΗΣ	518	439	678	442	519	488	418	548	2131	1917
ΟΚΤΩΒΕΡΗΣ	587	509	724	672	665	662	652	710	2628	2643
ΝΟΕΜΒΕΡΗΣ	441	500	940	783	647	836	832	892	2860	3011
ΔΕΚΕΜΒΕΡΗΣ	461	609	893	607	768	783	753	704	2575	2793
ΣΥΝΟΛΟ (10)	7693	6585	8565	6341	8120	7329	8624	8375	35002	30630

Key:

1. Athens
2. Agia Paraskevi
3. Aigaleo
4. Piraeus
5. Total
6. Month
7. Plans
8. Permits
9. January, February, March, April, May, June, July, August, September, October, November, December
10. Total

The abrupt increase which is observed in the 2-month period of June-July in the number of plans submitted is due to the announcement by the deputy minister of public works, Mr Manos, about a decrease in the rates of building. The "panic-stricken" owners of building lots hastened to conclude contractor's agreements before the announced measures 'caught' them. The output of the city planning services is not very constant. In July, when great pressure was exerted on the city planning services, the number of permits which were issued was more than double the average monthly figure. In the City Planning Office of Athens, 817 plans were submitted in January 1979, 923 in February, 854 in March, and 523 in April. The increase in the number of plans submitted in relation to the corresponding months of 1978 is due once again to the announcement by the same deputy minister of the draft law on the garages.

12114
CSO: 4908

PREPARATION OF BUDGET FOR 1980

Athens BUSINESS & FINANCE in English 30 Jun 79 p 6

[Text] THE introduction of the zero basis system of budgeting and a programme of production increase constitute the two principal "weapons" which the Government will use in preparing the 1980 Budget. The principal aims will be:

- To limit, as much as possible, the inflationary pressures of the State Administration.
- To continue efforts for a sound and more rational distribution of expenses.
- To increase efficiency in the Public Sector.
- To achieve a more equal distribution of income.
- To harmonize, gradually financial policy and legislation to the EEC regime.

A circular outlining the above was issued recently by Minister of

Finance, Mr. Canelopoulos, and was sent to all Ministries and Prefects, as well as to Public Organisations, for the purpose of establishing the basic guidelines for the new Budget. The aim is to provide all necessary instructions at an early date and to start immediately the procedure for the drawing up of the Budget so that it can be submitted on time to Parliament.

Other innovations are:

- A new form in the State Budget which will include, as of 1980, the operational (Regular) budget, the investment budget (public investments) and the merchandise (consumer goods) budget, so that a uniform picture of the results of the administrations of public finances is achieved.

CSO: 4920

GOVERNMENT SPECIFIES RESEARCH AREAS OF INTEREST

Athens BUSINESS & FINANCE in English 23 Jun 79 pp 2, 3

[Text]

FOLLOWING approval of the National Programme for Research and Technology (EPET) the Scientific Research and Technology Service (YEET) of the Ministry of Coordination is inviting interested parties to submit proposals for carrying out research projects which meet the requirements of the Programme (proposals should be submitted to YEET at 48, Vassileus Constantinou, Athens 501).

Financing of EPET's research projects will be made through contracts signed between the applicant research agencies and YEET, following approval by the Minister of Coordination and the prior submission of the documented proposal by the agency to YEET and its objective evaluation.

The agreements (according to the requirement of Law 706/77) must determine clearly the specific object of the research project, the time period envisaged for the project and the anticipated cost. Proposals may be submitted by universities, State research laboratories, public or private enterprises or private individuals.

Proposals should include reasons for the choice of project, its expected benefits, details of the efficiency and experience of the research group, and describe the methodology and time scale for the project's completion. The proposals should also analyse in detail the required expenses in compliance with instructions by YEET.

It is also a prerequisite that the object of the proposed research project falls in line with the aims of the nine programmes specified by EPET which are listed below:

- 1) Development of local resources and processing of raw materials.
- 2) Area planning and environmental protection.
- 3) Protection and improvement of health.
- 4) Energy.
- 5) Agricultural production and fisheries.
- 6) Development of industrial technology.
- 7) Social and cultural growth, education, and public administration.
- 8) Advanced technology (including research and development of digital systems, electronic instruments and other apparatus).
- 9) National defense and national rights.

Domestic resources

More specifically section 1, covering the development of local resources, includes mineral resources and the adaptation of geological, deposit and mineral research methods to local conditions in the country; methods of concentrating Greek ores; methods for the production of metals,

alloys, and salts of commercial importance; and methods for the exploitation of residues from the metallurgical industries.

The same section also covers the exploitation of Greek petroleum, lignite and peat for uses other than energy; the use of Greek oil as a petrochemical raw material; and methods for the production of fertilisers and other products from lignite and peat.

Finally, section 1 also covers the exploitation of Greece's water resources and the research areas of interest to EPET are: methods for the evaluation of reserves (total available and total commercially exploitable) of surface and subsurface waters of Greece; methods for the rational utilisation of water resources by sector of use; and methods of production of potable water by desalination of sea and other waters.

Environmental protection

In sector 2 covering regional planning and environmental protection, the development areas of interest to EPET are divided into environmental issues in urban and rural areas. In the urban section projects are called for covering research into: movement of the population in the agrarian and urban areas; incentives and anti-incentives; the part played by development incentives in regional development; and problems of restoration, reshaping and expansion of urban areas.

On the rural side topics of prime interest are: the definition and grouping of Greek areas with similar features and problems; alternative forms of organising agricultural settlements; special features and development potential in the border areas; and the effect of EEC Regional Development Policy on national growth.

Energy topics

On the energy side EPET's designated areas of prime interest are firstly the exploitation of domestic mineral fuels and secondly the promotion of research into solar energy. For domestic fuels the areas of particular interest are: the adaptation and use of new methods of locating, extracting and treating mineral fuels; improvement and adaptation of methods for the extraction and primary processing of lignite and peat; methods to extract sulphur from Greek petroleum; and the conversion of solid fuels to gaseous or liquid forms.

On the solar energy scene, finally, the specific areas of interest are: the general development of data and systems for commercial exploitation of solar energy for hot water heating and for space heating or cooling; high temperature steam production for conversion of solar energy to mechanical and electrical energy; direct conversion of solar energy to electric energy with photo-electric cells; and the so-called "negative systems" including architectural designs and construction manuals to obtain the natural air-conditioning of buildings.

CONSUMER PRICE INDEX SHOWS RAPID INCREASE

Athens BUSINESS & FINANCE in English 23 Jun 79 p 3

[Text]

ACCORDING to the National Statistical Service figures, the consumer price index rose by 2.1 percent last April compared with a 1.8 percent rise in April 1978. The increase is mainly attributed to fuel price readjustments and higher bus fares. Higher prices of certain goods and service, including Easter bonus payments, seasonal fruit and vegetable prices, and lamb meat also had an increasing effect on the price index.

Thus during the first quarter January to April 1979, the increase in the index was 9.5 percent compared with 4.9 percent in the first quarter last year. Major increases stemmed from:

Transportation: up 6.1% (oil, bus fares, taxi fares,)

Food: up 1.6% (higher prices of lamb meat, frozen meat olive oil, eggs, confectionery seasonal fruits, restaurant prices)

Housing : up 3.6% (increases in repairs, kerosene, diesel, and gas)

Health : up 2.8% (barber, hairdressers, shoeshining)

Increases on other items were insignificant.

NEW AGRICULTURAL COOPERATIVES LAW RATIFIED

Athens BUSINESS & FINANCE in English 23 Jun 79 p 4

[Text] JUST published in the government gazette of 12 June was the new law covering Agricultural Cooperatives which was recently ratified by parliament. On the occasion of its publication the Minister of Agriculture Mr. Boutos reported that the new law, which amends the provisions of the old law 602/1911 which provided for the promotion of the agricultural cooperatives in Greece, improved the provisions to meet the rapid development of the economy. The changes were made at the request of the farmers cooperatives themselves.

"The new law", the Minister stated, "which takes effect as of 1 September this year, has been adjusted to cope with present day conceptions and new economic and productive factors in Greece and in other developed countries, particularly EEC member countries. It is intended to play an important role in cooperatives and to contribute decisively in improving the living standards of the farmers."

The main features of the new law are:

- a) The institution and promotion of the activities of the cooperatives in all sectors of production, manufacture, and trade procedures.
- b) The stimulation and promotion of "collective exploitation" of agricultural, livestock, fishery and forestry activities and the setting up of model agricultural units by agricultural cooperatives.

c) It offers the possibility of the gradual formation of facilities for the collecting of cooperatives' own capital for financing of their activities.

d) The new law institutes a greater degree of autonomy for the cooperatives, a firm and persistent demand of the cooperative organisations in the country.

e) It allows for the distribution of profits according to the level of transactions carried out by each member.

This will constitute an incentive for the increase in the level of transactions within each cooperative.

f) The new law provides for the necessary tax exemptions which will promote development of the activities of the agricultural cooperatives, and sufficient economic assistance is granted for cooperative training schemes and for the operation of Paseges, the Union of Cooperatives.

Mr. Boutos finally pointed out that, even with the new law, the task facing the cooperatives is great and difficult. "It requires efforts, hard work, and adherence to the cooperative concept, and honesty", he reported. "Without the above prerequisites, the performance of the new law will not be satisfactory and the solution of the problems while pile up every day in the agricultural sector will be difficult".

MINERAL RESOURCES MARKET DISCUSSED AT EXHIBITION

Athens BUSINESS & FINANCE in English 23 Jun 79 p 5

[Text] MINISTER for Northern Greece Mr. Martis, speaking at the opening ceremony of the 7th International Exhibition of Marble, Minerals, Building Materials and Equipment (Marmin) reported that: "Greece, as the 10th member of the EEC, may with pride present to its other partners the strength of its subsurface resources which can play an important role, not only for Greece's economy, but the Community economy as well".

Mr. Martis made special mention of the difficulties faced by Greek businessmen in the marble sector but suggested that these problems would be overcome through cooperation between the State and the businessmen concerned so that business activities continue unhampered. The Minister also pointed out that special importance should be given to the vertical industrial exploitation of the country's mineral resources as well as to the development of more modern technology in the fields of marble and other minerals.

Deputy Minister of Commerce, Mr. J. Demopoulos, who also addressed visitors, stated that the continuous increase in the price of timber as a construction material, and the fast growth of Middle East and African markets, make marble a product of great economic importance for our country. The marble sector, Mr. Dimopoulos said, 'has shown important progress during recent years and a proof of this is that exports during 1978 amounted to \$11 million'.

He further stated that the government, with the initiative of the Minister of Commerce, had prepared a draft bill which provides for the strengthening of the development of the smaller marble units in the sectors of trade, technology and the protection of the environment.

Deputy Minister of Industry Mr. Protopapadakis, who also spoke at the opening ceremony underlined the fact that Greece's accession to the EEC will give additional importance to the mineral resources of the country which were of great advantage to our national economy. 'A contributing factor in our efforts towards a rational exploitation of mineral resources is the excellent scientific experience of Greek engineers, private initiative and the assistance of the State,' he reported. 'The Technical University has decided to include in its post graduate studies the subject of marble while IGME is proceeding with the drawing up of the Greek 'Atlas of Marble' which will include all types of Greek marbles with explanatory information', the Deputy Minister reported.

SHIPREPAIR WORK REGULATIONS AMENDED

Athens BUSINESS & FINANCE in English 23 Jun 79 p 6

[Text] TWO basic amendments have been introduced by the new Piraeus Port Authority (OLP) covering regulations concerning shiprepair work carried out on the Authority's property and discussed during a recent meeting in Piraeus presided over by Mr. A. Karalis.

Participants were representatives of all interested sectors and they discussed in general terms the new regulations governing the use of repair quays at the port to try and make better use of facilities there.

The regulations cover floating repairs in the port area and have been drawn up by a special OLP committee. Two basic innovations are to be introduced concerning the disposal and the use of repair quays by ships requiring repair and construction work.

The new regulations cover: a) the maximum period of the ship's stay in

the repair dock, and b) the requirement of prior announcement of the repair-work to be carried out on the ship and the signature of the relative contract between the shipping company and OLP.

The above changes are taking place as a result of the OLP's verification that an important area of repair quays is currently used only as moorings by ships while there is a demand for repairs which constitute an important source of foreign exchange and a factor for attracting Greek ships back to the country.

Following the above meeting, OLP officials met with Mr. Emm. Kefaloyannis at the Ministry of Merchant Marine to discuss the amendments which are expected to be accepted by all concerned.

CSO: 4920

RUBBER INDUSTRY SURVEYED: MARKET, PROSPECTS

Athens BUSINESS & FINANCE in English 23 Jun 79 pp 9-13

[Text]

'PERHAPS the most commonly observed sight in Athens is the wheel of a car wending its way down a narrow street. That means tire and tire users and so a great market exists for us'. This was the view of a leading industry spokesman on the market for rubber and rubber products in Greece. A poor quality national public transport system and the steady increase in the standard of living in the last few years has assured a strong and ready market for both cars and commercial vehicles in the country. The number of vehicles in circulation in Greece at the end of 1975 totalled just over 737,000, some 370,000 of which were to be found in the area of Greater Athens, but by the beginning of last year there were over 1 million vehicles on the roads in Greece, about 486,000 of which were registered within the area of metropolitan Athens. At the present time over 120,000 applications are processed each month for driving permits.

The figures reflect both the healthy rise in car sales over the past few years and the increasing importance of sales outside of the Athens area.

Strong confidence in the continued robust health of the rubber industry is shared by most informed sources although this optimism is tempered by an acknowledgement of the looming effects of the renewed international oil crisis and what it will probably mean for Greece.

Level of investment

It is estimated that there are over fifty brand names in the tire industry operating in Greece, most of them deriving their expertise and technical know-how from other countries. The current level of investment in the rubber industry is very low because of the effects of the European Economic Community on the domestic market. Simply put, industry interests in EEC member countries are not investing here in

Greek imports of rubber and rubber products (in '000 drs)

	1975	1976	1977	1978
Natural rubber and products	183,931	272,402	296,334	303,219
Synthetic rubber and products	186,469	258,552	293,948	166,521

Greece because it doesn't make sense to manufacture in Greece when tires can be imported directly from the Community. The level of new investment in the rubber industry has actually been minimal since 1969, turning as it does on the investment plans of the major companies. In fact there is no real need for more than two companies to manufacture the various lines of tires here particularly in view of the use of 'off-take' arrangements by the large international companies all over the world. What this means is that the giants of the industry—Goodyear, Michelin, Pirelli and Dunlop—enter into agreements whereby one or more companies agree to share a factory elsewhere to produce another kind of tire.

Imports and import duties

Approximately 25 percent of all car tires sold in Greece are imported; 50 percent of all light truck tires are imported; and about 10 percent of all heavy truck tires are imports. Almost all tractor tires are locally made (only 5 percent are imported). Importers are generally in the strong situation of being able to make use of their economy of scale to produce cheaper and better quality tires than do the local manufacturers, although one industry source revealed that some importers have been able to take advantage of the propensity of the way Greek consumer to trust his money with the purchase of a foreign made product rather than a Greek made one. Car tires have even been sold here at a price some 40 percent higher than the price of the same type of tire produced by local manufacturers.

An automobile tire imported into Greece from an EEC member country must face duty at a rate of over 80 percent on the cif price. On other types of tire there are various other kinds of duties from Common Market countries. From non-EEC sources there is a 95 percent duty on car tires and a 45 percent duty on truck tires. By way of

comparison, in Cyprus similar duties are 20 percent from EEC countries and, as a result, consumer prices are only two thirds of what they are here in Greece. Italy, to make another comparison, pays only negligible duties. What still remains hazy for industry is not so much the actual duty, which is 8 percent, but the composition of the 'balance on the duty' which is made up of certain taxes, such as the luxury tax, on car tires which will eventually give way to a Value Added Tax. Some of these taxes are common to local manufacturers as well (the stamp tax is 2.4 percent; the turnover tax is 4 percent). The effective level of duties from European Community countries is 81 percent. What this all means in sum is that local manufacturers have enjoyed a sheltered market. Notwithstanding this problem imports are expected to continue to grow in the future.

Overall view

The Greek rubber industry can basically be divided into five sectors covering: rubber parts for vehicles; footwear products; technical products (including conveyor belts, protective sheaths, window seals, etc.); cables; and adhesive materials made from rubber.

The first sector is covered by the activities of the well-known international tire manufactures while the second and third sectors are supplied by a handful of large industrial units and a host of smaller, virtual cottage, units. The latter operate with small capital and simple equipment employing on average around 15 people. One of the largest units in these two sectors, owned by one of Greece's largest construction company's and the German Slouth company based in Cologne, produces conveyor belting.

There are several factors, according to one leading producer, which are restricting the growth of the rubber products industry in Greece. Firstly, there is no vehicle manufacturing in the country and this industry alone is normally one of the largest single

Motor vehicles in circulation in Greece 1975 to 1978

end 1975	end 1976	end 1977	end Jan '78	
737.229	838.743	988.955	1.006.749	Total
650.053	748.130	893.936	910.872	Motor cars
438.553	509.452	618.167	630.966	Passenger
24.578	24.639	24.648	24.773	—Public use
413.975	484.813	593.519	606.193	—Private use
13.352	13.869	14.564	14.634	Buses/coaches
9.542	9.813	10.194	10.238	—Public use
3.810	4.056	4.370	4.396	—Private use
198.148	224.809	261.205	265.272	Trucks
24.386	24.437	24.469	24.512	—Public use
173.762	200.372	236.736	240.760	—Private use
87.176	90.613	95.019	95.877	Motorcycles
64.375	67.677	71.980	72.802	Passenger
22.801	22.936	23.039	23.075	Freight
17.405	17.460	17.506	17.532	—Public use
5.396	5.476	5.533	5.543	—Private use

Motor vehicles in circulation in Greater Athens, 1975 to 1978

369.625	414.520	480.779	486.665	Total
330.401	373.921	438.384	444.164	Motor cars
271.271	309.514	367.189	372.257	Passenger
10.965	11.037	11.049	11.064	—Public use
260.306	298.507	356.140	361.293	—Private use
6.346	6.580	6.962	6.975	Buses/coaches
3.564	3.656	3.843	3.848	—Public use
2.782	2.924	3.119	3.127	—Private use
52.784	57.827	64.233	64.832	Trucks
6.772	6.780	6.825	6.851	—Public use
46.012	51.047	57.408	57.981	—Private use
39.224	40.599	42.395	42.501	Motorcycles
29.947	31.250	33.024	33.125	Passenger
9.277	9.349	9.371	9.376	Freight
7.024	7.059	7.063	7.064	—Public use
2.253	2.290	2.308	2.312	—Private use

markets for rubber products. Secondly, Greece is still underdeveloped industrially and there are not yet sufficient outlets for technical and industrial rubber products. Thirdly, of course, Greece itself is not a large country and the market for this reason is necessarily restricted.

There are sectors however in which progress might be made though as yet little is being done to promote domestic manufacture. For example, currently Greece imports around 150 million drs a year worth of fan belts but noone has as yet proposed their manufacture

Greek production of rubber (in tons)

1975	5,817
1976	5,941
1977	5,920

in Greece. Rubber pipes on the other hand (e.g. for petrol stations etc.) are manufactured locally by two of the

Imports of rubber products used for vehicles (in '000 drs)

1975	405,803
1976	589,146
1977	759,764
1978	771,518

largest companies in the rubber products sector.

The result of the above situation is that in many cases the smaller producers focus on cheap, lower quality products which compete very keenly while the companies themselves operate on low profit margins.

Effects of EEC entry

Following accession it is probable that most of the smaller production units will either integrate their activities or close down, while there is every probability that the larger companies will have a successful future. Accession will probably increase pressure on these

larger units to offer better quality in their products and manage their operations more efficiently and so for the most part producers see prospects for the future improving.

Greece's accession to the EEC will expose the domestic automobile and light truck markets to increased competition. This should lead to a rationalisation of domestic production since at the present time there is no specialized assembly line production as exists in the developed countries. Production costs are very high in Greece as a result. There should then be more domestic production in this country, perhaps in five years time.

Industry sources do not expect that entry into the European Economic Community will result in foreign owned manufacturers using the geographical location of the country as a spring board to the markets of the Middle East. As it is now, most of the giants in the rubber industry either export directly or manufacture locally in the Middle East. Any benefit that is derived for Greece out of the majors direct export policy is of an indirect nature. Pirelli, for example, maintains a highly centralized world operation. From its head quarters in Italy, an order may be given to Pirelli Greece to make available number of tyres for export to an Arab country. The same applies to other large companies. Investment, after all, is made on the basis of price and cost and the major rubber firms are no exception. Moreover, rubber producers in other countries significantly affect the level of exports of Greek rubber producers since they tend to be lower cost producers.

Anti-inflation measures

Rubber industry officials (and indeed those from other industries) have expressed strong reaction to the government's profit control measures of April 11 and in fact the Ministry of Commerce has recently proposed amend-

ments to article 4 of government measure number A3-3385/79 (the decree which refers to the 25 percent tax rate on total profits for importers and wholesalers) in response to criticisms voiced by trade officials. According to a statement made by Deputy Minister of Commerce, Mr. Demopoulos, an agreement will be signed by the end of June following the completion of discussions between trade industry representatives and the Market Services of the Ministry of Commerce. Trade circles had demonstrated that sales dropped by 30 percent in May and that they expected to face similar difficulties in the future unless the government acted to reverse its policy of profit controls. Informed sources had pointed out to Business and Finance as well that the continuation of the present situation by the government would damage prospects for foreign investment in Greece.

Market outlook: Short term pessimism

The impressive growth in the number of vehicles in Greece in the last five years has been a boon to the rubber industry. But this growth record has

been offset somewhat by a reduced usage of cars due to the effects of the 1973-1974 world energy crisis on levels of consumption of petroleum, petroleum products, and their derivatives. Today because of the "renewed" high cost of petroleum usage of motor vehicles in Europe, gasoline prices have shot up markedly in the last few months. Greece has one of the highest prices for gasoline in the world—now approaching 30 drachmas a litre for "super" gasoline. Furthermore, technological advances attained in the production of radial tires has contributed to longer mileage for the motorist and this factor coupled with the general inadequacy of the road network in Greece, which acts as an indirect form of restriction on car usage, has prolonged tire wear. It is hoped, however, that in spite of the fact that money has been tighter in the last six months than it has been for a similar period in the last ten years, inflation will slow down to the end of the year and thereby help to arrest the decline in demand for rubber.

New vehicles put into circulation in Greece, 1973 to 1977

	1973	1974	1975	1976	1977
Passenger	44,001	33,973	60,135	71,490	109,720
Trucks	914	571	505	669	956
Buses	20,007	21,059	27,040	28,280	38,577
Motorcycles	4,472	4,261	3,839	3,691	4,749
TOTAL	69,394	59,864	91,519	104,130	154,002

CS(): 4920

SMALL FREIGHT OWNERS UNION REQUESTS PRICE MAINTENANCE

Athens BUSINESS & FINANCE in English 16 Jun 79 p 29

[Text]

THE Ministries of Coordination Energy, Finance, Commerce and Merchant Marine, as well as the Port of Thessaloniki, were contacted earlier this week by the Union of Small Freighter Owners who requested that the price of fuel be kept at 5,360 drs. per 1,000 liters to help protect their activities.

The Union reported that: "For the last 4 days petroleum companies have refused to deliver petroleum to small coastal freighters, (under 500 DWT) carrying state supplies, at the government established price of 5,360 drs per 1,000 liters.

The refusal of the companies is detrimental to us because of the unbearable daily running costs of vessels, most of which are loaded but unable to sail due to fuel shortage. The supply of fuel at free market prices levels is impossible due to the low freight rates set by the government. For example, the freight collected by a small ship carrying state provisions from Thessaloniki to Crete is 210,000 drs; fuel costs at free market prices amount to 140,000 drs.

We therefore request that the oil price of 5,360 drs per 1,000 l. be maintained and strict orders be given to oil companies to deliver so that the ships can sail and delays of loaded ships can be avoided. These delays are ruinous both to the ship and to the needs of the State."

CREWING CENSUS FINDINGS NEAR COMPLETION

Athens BUSINESS & FINANCE in English 16 Jun 79 p 29

[Text]

FOLLOWING near completion of the census on crews carried by Greek ships, carried out by the Ministry of Merchant Marine, Minister Kefaloyannis has announced the results which are shown below. The census was carried out on 3,299 ships flying the Greek flag and 627 Greek-owned ships under foreign flags. The results for a further 472 Greek flag ships and 115 foreign vessels are still awaited. The findings can be summarised as:

- a) According to the census, the total number of Greek and foreign seamen serving on the above ships on 30th November 1978 was 81,106.
- b) On Greek flag ships there were 61,377 persons working, 46,565 Greeks (or 69.1%) and 20,812 foreigners (30.9%).

c) On Greek-owned ships under foreign flags 13,729 seamen served of which 8,144 were Greeks (59.3%) and 5,585 were foreigners (40.7%).

Of the 26,397 foreign seamen working on Greek-owned ships both under Greek and foreign flags, the breakdown was as follows:

Egyptians	3,406	(12.9%)
Filippines	3,189	(12.1%)
Indians	3,060	(11.6%)
Pakistanis	3,006	(11.4%)
Sri Lankans	1,687	(6.4%)
Chileans	1,507	(5.7%)
Hondurans	1,271	(4.8%)
Portuguese	862	(3.3%)
Syrians	855	(3.2%)
Cypriots	788	(3.0%)
Ghanaians	635	(2.4%)
Indonesians	611	(2.3%)

CSO: 4920

INCREASE IN NUMBER OF MERCHANT SHIPS NOTED

Athens BUSINESS & FINANCE in English 16 Jun 79 p 29

[Text]

THE total number of Greek merchant ships at the end of April was 4,187 of a total 38,105,889 dwt compared to 3,970 ships of 34,517,282 dwt a year previously.

During the 12 month period May 1978 to April 1979, 217 ships of a 3,888,607 dwt were added to the Greek fleet reflecting an increase of 5.5 percent in number and 10.4 percent in tonnage.

Greek-owned ships flying foreign flags, the crews of which are covered by NAT (Greek Seamen's Pension Fund) totalled 714 ships of 12,770,241 dwt at the end of April this year.

The breakdown of merchant ships under the Greek flag at the end of April was as follows:

-Freighters of a total tonnage of 24,302,469 dwt, representing 63.8 percent of total Greek tonnage.

-520 tankers of 12,894,538 dwt representing 33.8 percent of total Greek tonnage.

-349 passenger ships of 815,097 dwt representing 2.1 percent of total tonnage.

-the "other ships" sector (tugs, fishing boats etc.) comprises 254 vessels of 93,785 dwt or 0.3 percent of total Greek tonnage.

NEW INVESTMENTS IN FORESTRY TO BOOST PRODUCTION

Athens BUSINESS & FINANCE in English 16 Jun 79 p 4

[Text]

THE Ministry of Agriculture is to implement a special programme for the development of forests in Eastern Macedonia and Thrace involving total expenditure of some 1,100 million drs.

An agreement signed in Athens with the European Investment Bank (see B&F last week) the granting of a loan to the Greek government amounting to 455 million drs. to cover part of the costs involved. The loan is granted under what are considered as very favourable terms (15 years duration, 4-year grace period, work of the Second Financing Protocol of the EEC. Minister of Agriculture, Mr. Boutos, in outlining the major aspects of the forestry development programme in the region stressed the following:

- Paving of other mountain roads (660 km).

- Construction of permanent houses for forestry workers who will be employed in the development of forest complexes.

These projects will be carried out in the forests of Sidirokastron, Drama

Mevrokopion and Xanthe covering a total area of 885,000 stremmas.

Upon completion of the programme the Minister indicated that timber production will increase by 225,000 m³ of which the greatest part will be wood useful for industrial processing. Also a significant amount of foreign exchange will be saved, due to substituting imports of timber, and employment in the areas will be increased, as will the income of the population.

CSO: 4920

OLIVE RESEARCH INSTITUTE IN KALAMATA OPENS

Athens BUSINESS & FINANCE in English 23 Jun 79 p 6

[Text] Minister of Agriculture, Mr. J. Boutos, speaking in Kalamata last week on the occasion of the opening ceremony of the Institute of Olive and Agricultural Research, stated that the aim of government policy was the increase of farmers' incomes to be achieved through constant production increases and at the same time the improvement in the quality of Greek products. "We must not forget," he reported, "that similar products are also produced by others, and naturally the consumer prefers the best."

"In order to achieve the above," the Minister continued, "we need a continuous wave of fresh knowledge which must be applied immediately by our farmers and this knowledge can only be obtained by agricultural research."

Referring to the Government's interest in the Messinia Prefecture, Mr. Boutos stated that in the state land reclamation programmes for 1975 to 1979, there had been included a variety of studies and projects which were related to development of the main plains of the district, i.e., Ano and Kato Messinia and the valleys of Trifylia and Pylia. He also announced new financing of some 37 million drs. for the construction of roads and oil and wine storage tanks, for the improvement of slaughter facilities, for fishery projects, and for construction of warehouses to preserve potato seed. Of the total amount of 88,6 million drs, to be spent in the area, some 31 million will be spent in current year.

Present at the ceremony were Minister of Industry Evert, Deputy Coordination Minister Palaiokrassas and the Prefect of Messinia, Mr. Stefanakos.

CSO: 4920

TRUCKERS TROUBLED BY FREIGHT RATES, FUEL COSTS

Athens BUSINESS & FINANCE in English 23 Jun 79 p 4

[Text] **INTERNATIONAL.** Greek transport trucks are facing difficulties in obtaining fuel when travelling abroad and expect a 10 percent increase in freight rates in the near future.

According to information supplied by the Union Road Transport Enterprises, petrol stations in Austria and West Germany are not supplying trucks with sufficient quantities of petroleum, while in Italy the Greek vehicles are no longer supplied due to the lack of fuel oil. In addition, at the Sfalsbach Customs in West Germany, Greek petroleum was considered unsuitable because of its high sulphur content which, officials claimed, polluted the atmosphere to unacceptable degree.

Thus, the Union claims restrictions on oil supply, the unsuitability of Greek oil, and the constantly enforced limited quantity which a truck must have in its tanks on entry into Austrian territory, are all severe problems which truck owners are facing. The Union has requested, through its president Mr. J. Haralambides, the intervention

of the Greek authorities for the lifting of the restrictive fuel measure in both West Germany and Austria.

An additional problem to the above, the Union points out, is the price increase of fuel in Yugoslavia (by 7.20 dinars per litre), in West Germany (up 5 percent), in Austria (up 7 percent effective July 1), and in Italy (up an expected 20 percent). Thus, it is expected that very soon freight rates for international transportation will increase by at least 10 percent.

Meanwhile Greek-Italian negotiations were held last Tuesday in Athens to settle the problem of Greek trucks in transit through Italy. The Greeks demanded complete freedom in transit for Greek trucks through Italian territory and the doubling of bilateral permits from 2,000 to 4,000. The Italians requested the free movement of Italian trailers in Greece, a factor that is not provided for by the existing bilateral agreement.

CSO: 4920

PROSPECTS FOR TRADE WITH AUSTRALIA SEEN IMPROVED

Athens BUSINESS & FINANCE in English 23 Jun 79 pp 20-21

[Excerpt]

DESPITE the close family ties which have existed between Greece and Australia over the decades, the level of Australia's export trade with Greece, compared to that of other countries, is small and it has tended to decline even further in recent years. Currently, the annual value of Australian exports to this market approximates \$A20 million whilst reverse trade from Greece is about half this figure.

However, with evidence of Greece's remarkable economic recovery since the return of democratic Government in 1974; its destiny to become shortly the tenth full member of the EEC; its new financial position in the Eastern Mediterranean following crises in nearby countries, all auger well for creating a new and significant position for Greece in the growth of Western economic prosperity. Consequently, it is timely for both Australia and Greece to re-examine each others markets in terms of prospects for increased exports, foreign investment, joint venture, technology and management know-how opportunities.

New container service

One of the most significant historical factors impairing bilateral trade growth is the geographical location of the two countries and this in turn has reflected both an inadequate shipping service and high freight costs relative to other markets. However, with the introduction of a new direct modern container service from Australian main ports to the port of Piraeus, which is to come into operation in July, freight economies and a more expedient service is expected to make Australian products more competitive in the Greek market and bilateral growth should result.

The new container service is being provided by a consortium of the two main European Conferences, namely, Australia to Europe Container Service and will provide modern transport facilities both for general and refrigerated cargoes. Initially, the service will be on the basis of one vessel a month and the first vessel, the "Morton Bay", is due to arrive in Piraeus on 24 July 1979. As trade develops, the frequency of the service will increase.

This new operation is designed to co-ordinate with the completion of the new Vassiliades container dock at Piraeus which will have modern refrigerator container holding installations for the securing of approximately 150 containers in the dock area. The cost of these new installations, estimated at approximately \$A1.5 million, is being funded by the two Conference consortia involved. This new shipping development and the new Vassiliades dock facilities will also provide for a more efficient and expeditious delivery service from Australia to Cyprus—both for general and refrigerated cargoes—using Piraeus as the transhipment port.

First trade mission to Australia

Another significant move to develop two-way trade is the decision by the Chamber of Commerce and Industry of Piraeus to send a Greek selling trade mission to Australia in August/September 1979 and plans are advanced for market identification of those products which offer the best growth prospects. Already, Australia offers a good market outlet for the sale of Greek foodstuffs and unprocessed tobacco and marketing prospects will be investigated for expansion in these product groups in addition to marble, furs and some manufactured goods. This will be the first Greek trade mission to Australia in many years.

For reverse trade activity, the Australian Meat and Livestock Corporation is planning a trade mission to Greece before the end of 1979 with a view to re-capturing some of the important frozen beef market in Greece which has been lost to Australia in recent years due to uncompetitive freight rates a situation which should improve considerably with the introduction of the new direct container service.

Australian interests in Greece

With Greece rapidly achieving its objective of becoming the tenth member of the European Economic Community and its consequent need to restructure much of its manufacturing industry to meet new challenges, good prospects exist in Greece for foreign industrial investment and Australian companies are, for the first time, actively participating.

Of late, several Australian

Greek exports to Australia —1975 to 1978

Year	Amount (tons)	Value ('000 drs)
1975	4,561	242,648
1976	7,066	311,519
1977	12,241	352,022
1978	25,555	515,414

Source: Greek National Statistical Service

Greek imports from Australia — 1975 to 1978

Year	Amount (tons)	Value ('000 drs)
1975	1,290,932	2,487,712
1976	338,365	973,172
1977	364,707	1,251,356
1978	199,000	908,183

Source: Greek National Statistical Service

companies have negotiated manufacture-license agreements with Greek firms; one major Australian company is proceeding with the establishment of a manufacturing plant in Volos whilst a consortium of Australian and other foreign interests has reached an advanced stage in a feasibility study for a major project for the scouring and topping of wool in Greece.

Australian manufacturers, mindful of their own history of the need for new technology inputs, see their investment interest in Greece not only from the viewpoint of an attractive domestic market arising out of Greece's expanding economy, but also in terms of increased export opportunities under the favourable conditions which will prevail for Greece in Western Europe when full EEC membership becomes a reality.

CSO: 4920

AGRICULTURE SEEN COMPLEMENTARY TO EEC

Athens BUSINESS & FINANCE in English 23 Jun 79 pp 14-19

[Text] In the review below, Mr. Brian Gardner, European Director of Agra Europe (see box for details), describes for B&F how he sees the overall effects on both the EEC and Greece of the application of the Community's Common Agricultural Policy to Greece. In general, the author states, Greek agricultural output is complementary to rather than in competition with current EEC production, though problems will occur in some sectors, notably peaches and tomato products (which have in fact been given the longest transitional periods). The addition of Greece to the nine, however, will not significantly alter current trade patterns, he reports.

THE effect of the EEC system of agricultural support and regulation of trade will have far more effect upon the Greek agricultural industry than the Greek industry will affect the Common Agricultural Policy (CAP). This is principally because the CAP is likely to benefit and stimulate Greek production, while the addition of Greece to the Community will not seriously change current trade patterns in food products.

Greek agriculture certainly has problems, but then so has the agriculture of important regions of the Community. These are problems, already well known in Italy, France and Ireland, of small—too small—farms and inadequate incomes. The Community is familiar with these problems and Greece is joining the EEC at a time when its agricultural policy planners are beginning to grapple with the structural aspects of agricultural policy after what many people regard as a too long pre-occupation with price support.

Certainly, the accession of Greece to the Community is unlikely to precipitate any major crisis for the CAP. Nonetheless, Greek production and developments on the Greek market will in future become a regular and important part of the EEC agricultural scene.

The overall view

Overall, Greek agriculture may be viewed as complementary to current EEC agriculture. This is confirmed by the favourable attitude to Greek entry of the EEC Farm Union's Organisation (COPA). In their discussions with Greek agricultural experts, COPA working groups have found a general convergence of interests. The whole range of EEC farm support measures, from export refunds to special structural payments will benefit Greece, especially since the cost of support will count as a foreign exchange inflow in the balance of payments, rather than as an item in the Greek Government's budget. The effect of accession on Greek consumers will take the form of an overall price rise for food products of 14 percent, according to the EEC Commission.

It is the Mediterranean fruit and vegetable producers in the EEC who have shown the greatest anxiety over Greek accession, but more because of the precedents it will set for Spanish entry.

Greece is an important producer of fruit and vegetables; it is thus not surprising that anxiety among Community producers has focused largely on this sector, as did many of the problems in the accession negotiations. Certain producer groups, notably the West German Bundesausschub Obst und Gemüse, demanded longer transition periods, usually of at least ten years for fruit and vegetables. The anxieties of the West Germans and of their French, Italian and Dutch colleagues have, however, been largely directed at the eventual entry of Spain to the Community.

Most fruit and vegetable prices in the EEC are above Greek prices and the immediate application of EEC support prices to Greek production, which was the initial Greek demand, would have meant large surpluses of certain products, and possible substantial costs to FEOGA (The EEC farm finance fund). This is why the EEC Commission eventually, (October 1978) recommended a five year basic transition period for fruit and vegetables. Although the Council of Ministers in the final December 1978 negotiations attempted to obtain an eight year transition period following strong French and Italian pressure, only peaches, tomatoes and tomato paste were eventually subjected to a seven year transition period. Some special arrangements concerning compensatory amounts, to be paid during the five year transitional period, have, however, been agreed.

Most anxiety from peaches

Peaches are perhaps the product causing the most anxiety among Community producers. While Greek production of peaches has in general been slightly below that in Spain—though if processed peaches are counted the difference is probably negligible—its lower internal rate of consumption makes it second only to Italy in the world as a net exporter of peaches. Greece's peach exports averaged 108.000 tonnes in the period 1972–1975, compared with 271.000 tonnes from Italy. EEC net imports over that period (Community of nine) averaged 189.000 tonnes annually. Greek production of peaches in 1977 was 382.000 tonnes, an increase of 31 percent on the 1972–1975 average.

Peaches are therefore one particular sector in which the accession of Greece could have a crucial effect on existing Community producers. Present EEC production is concentrated in France and Italy, which averaged 388 and 1.148 thousand tonnes respectively in 1972–1975. In the period 1973 to 1975 the EEC was only 89 percent self-sufficient in peaches, while Greece was 329 percent self-sufficient. Since 1975, however, the Community peach supply position has been less clear. A very large harvest in France in 1976–1977 led to 31.000 tonnes of peaches being withdrawn from the market in France and 36.000 tonnes being taken off the market in Italy. A levy was introduced on Greek peaches during that season, as well as a quota of 40 wagons per day. Thus, after being a net importer of 116.000 tonnes in 1975–1976—when the French harvest failed disastrously—the Community became a net exporter of 23.000 tonnes in 1976–1977.

The effects of Greek entry on the EEC peach market cannot be accurately predicted. It is questionable whether the relatively good domestic supply position of the EEC market in the last few years is of a permanent nature. OECD estimates, made in 1977, indicate that: 'The Common Market, taken as a whole, is a net importer of approximately 200.000 tonnes of peaches annually mainly due to the large imports of West Germany (the world's largest importer) and the UK. Net imports of this area could decline by 1978 and 1980 due mainly to the increase foreseen in Italian exports'. Recent Community orchard surveys, however, indicate a 5 percent reduction in the area of peach orchards in the EEC between 1974 and 1977, 6.9 percent in France and 3.9 percent in Italy. Thus, while the EEC still remains vulnerable to peach surpluses, it is questionable whether the production of the EEC-9 will increase by 1981.

The OECD expects a sharp rise in the consumption of peaches both in the EEC and in the producer countries of Southern Europe. EEC consumption is forecast to increase by 9 percent in 1980 over 1972–1975, while greek consumption is expected to be up by 50 percent or more over the same period. This is due to the increasing popularity of peaches with consumers and to rising standards of living.

Prices for peaches inside Greece appear to be substantially below EEC prices. The Commission found EEC prices to be 133.5 percent higher than Greek prices in its representative sample for 1977–1978. This large price difference, and the

dangers of a surplus posed by Greek production in an enlarged Community account for the longer (seven year) transitional period agreed upon for the integration of Greek peaches into the CAP.

Until recently Greek peaches have been sold on the Community market mainly in North Germany; in 1974–1975 75 percent of Greek exports were sold on this market. Eastern Europe (principally Poland) accounts for most of the remainder. Accession is likely to make Greece seek new sales areas, especially since its last two annual agricultural plans have contained provisions for expansion of early peach production.

Greece is also a very substantial exporter of processed peaches, with exports of about 50,000 tonnes a year in 1972–1975. In 1976 28 percent of Greece's peach production of 333,000 tonnes went to processing. These should not cause the same problems for the Community as those posed by fresh peaches, since the EEC is a substantial net importer of processed peaches, with net imports of 136 and 203 thousand tonnes in 1975–1976 and 1976–1977 respectively. The main markets for processed peaches in the Community are West Germany and the United Kingdom, which between them account for about 80 percent of Community imports.

Substantial citrus producer

Although Greece is a substantial producer of citrus fruits, its exports are directed mainly towards Eastern Europe. Production of citrus fruits in Greece averaged 801,000 tonnes in 1974–1976, compared with 2,792,000 tonnes for Spain and 2,827,000 tonnes for Italy (which provided 99 percent of Community production).

Exports of citrus fruits from Greece averaged 251,000 tonnes in 1974–1976, with Eastern Europe taking 79 percent of this (the USSR alone took 32 percent). Thus trade with the EEC was small, although the EEC was a net importer of 50 to 80 thousand tonnes of lemons in 1975–1976 and 1976–1977.

The Community could offer an important market for Greek citrus exports because the EEC is far from being self-sufficient in citrus fruits. In 1975–1976 and 1976–1977 EEC self-sufficiency in citrus was about 43 percent. For oranges the EEC was a substantial net importer in those years. The impact of Greek accession on the EEC citrus market will thus depend on the combination of the growth in Greek citrus production and any diversion of Greek exports from Eastern Europe towards the EEC. These developments will in turn depend in large part upon the movement of relative prices in the different markets.

Greek prices for citrus are below EEC prices, by as much as 85 percent in the case of oranges. High EEC prices could thus encourage both increase production and trade diversion from Eastern Europe. Greek exports of citrus to Eastern Europe would, however, be eligible for Community export refunds after enlargement, which should moderate any tendency towards trade diversion. Nevertheless, the feeling in the EEC Commission is that substantial trade diversion of Greek citrus from Eastern Europe into the Community market is likely after enlargement.

Dried Fruit

Dried fruits were another sector to receive special treatment during the accession negotiations. Greece is a substantial producer of dried fruits, especially of dried vine fruits (sultanas and currants). Greek production of sultanas has traditionally placed it among the world's top three producers.

When its predominant position as a currant producer is taken into account, Greece is seen to be the largest exporter of dried vine fruits in the world. Exports, which have consistently been above 100.000 tonnes annually, were 127.000 tonnes in 1978, 33 percent of world exports of 384.000 tonnes. Because of its predominant position as a producer of dried vine fruits, Greek accession to the Community will have important implications for the world market in these products. At present the EEC is less than 10 percent self-sufficient in dried fruits overall, and accounted for about half of world imports of 435.000 tonnes in 1978. Greek production for export would thus meet about one half of total EEC requirements.

During the accession negotiations Greece requested that dried figs and raisins be included in the CAP, under a regime including intervention and production aids. The Commission proposed that these products be covered by an extension of the present Community regime for processed fruit and vegetables. The eventual agreement provides for Greece to benefit by about 10 million units of account from special production aids for dried figs and raisins.

The possible eventual inclusion of dried vine fruits in the CAP could lead to increased production in Greece. This prospect, coupled with the increased share of the EEC market that will be supplied by Greece after accession is worrying for traditional suppliers of the EEC market, such as the US and Australia, which exported 20.000 tonnes of dried vine fruits to the EEC in 1978 (.9 percent of EEC imports and 45 percent of Australian exports).

The tomato problems

Greek production of tomatoes in 1972-1976 averaged 1.312.500 tonnes, compared with 2.189.500 tonnes in Spain and 4.544.000 tonnes in the Community. In terms of exports, Greece, Spain and Portugal are the leading exporters of fresh and processed tomatoes in the world after Italy. OECD estimates place Greece on a par with Spain as a net exporter of tomatoes. Most Greek tomatoes are exported in processed form, principally as tomato paste, however, whereas Spain exports about half of its produce in fresh form.

The accession of Greece could create problems for the Community in the area of processed rather than fresh tomatoes. The Community is not fully self-sufficient in either fresh or processed tomatoes. In 1975-1976 the Community's net imports of processed tomatoes were 803.000 tonnes, while in 1976-1977 they were of the same order.

OECD estimates point to sharply rising exports of tomatoes from Greece, the vast majority of them in processed form. Production is expected to grow to 1.6 million tonnes by 1980, and could equal 2 million tonnes by 1985. Exports are

expected to increase from an average of 403,000 tonnes in 1972-1975 to 564,000 tonnes in 1980, an increase of 40 percent. The OECD forecasts also point to a decline in the net import requirements of the present Community arising from increased Italian exports and a moderate growth in consumption to 1980. The OECD estimates thus indicate a net import requirement for the EEC of 310,000 tonnes in 1980, but an export potential for Greece of 564,000 tonnes in the same year. If these forecasts are born out then in 1981, the year of Greek accession, the EEC is likely to have a substantial surplus of tomatoes.

Most of the surplus Greek tomatoes would be in processed form since Greek economic plans call for an increase in the volume of tomatoes processed. Exports of tomato paste rose from 4,000 to 76,000 tonnes between 1965 and 1975, and the 54 tomato paste manufacturing plants in existence in 1975 were almost all of recent construction. Moreover, the last two economic plans called for increases in the production of tomatoes for processing, although the crop programme for 1979 calls for a decrease in production of tomatoes for canning to 850,000 tonnes, possibly with an eye to the imminence of EEC membership. Production of processed tomatoes is regulated by quotas reflecting the recognition by the Greek Government of export difficulties for this product. Export refunds on tomato paste exports to the EEC were abolished in 1974, in keeping with the provisions of the 1962 Association agreement. Much of the fear of tomato processors over Greek accession arises from the cost advantage of Greek production, in 1975 Greek tomato paste cost 25 percent less to produce than the comparable French product.

Chaotic EEC olive oil supply

Olive oil is an important product both in the European Community and in Greece. Greece, the third largest producer of olive oil in the world, averaged 259,000 tonnes annually in 1974/75, while Italy, the largest producer averaged 440,000 tonnes and Spain 437,000 tonnes. Production has not been growing particularly fast, since olive oil is one of Greece's traditional crops, whereas policy has concentrated upon the development of crops in which Greece has a deficit on which can be profitably exported. Nonetheless production did increase by 24 percent in the years 1965-76 (in the Community the increase was 14 percent).

But the bulk of olive oil production, from 65 to 90

percent, is destined for the home market. This reflects the highest rate of consumption per capita of olive oil in the world. Greek consumption of olive oil is about 17.5 kg per capita, compared with 8.4 kg in Italy. This high rate of consumption is partly due to the strict restrictions imposed by Greece on the imports of alternative oils and fats. Consumption is also stimulated by the application of statutory maximum prices for olive oil, which keep down the cost to the consumer.

Greece is a substantial potential exporter of olive oil in years in which the crop yields a surplus. Self-sufficiency in 1973-75 was 110 percent, and exports averaged 6,680 tonnes over the period. Nonetheless olive oil exports accounted for only 2 percent of exports of agricultural products by value in this period. About 42 percent of exports went to the EEC, but in 1976 the proportion was 80 percent, reflecting the somewhat erratic behaviour of imports into Italy, usually the main buyer of Greek olive oil, and of Eastern Europe, its other main market.

On the face of it the accession of Greece to the Community should be welcomed with regard to the olive oil sector. The Community is far from being self-sufficient in vegetable oils and fats, with self-sufficiency running at about 20 percent. Yet in the case of olive oil the Community has known surpluses in years of heavy production and the overall rate of self-sufficiency in olive oil is about 80 percent. Self-sufficiency was 103 percent in 1975/76 but only 50 percent in 1976/77, a variation which illustrates the chaotic supply situation for this product.

Greece operates a system of export refunds on olive oil, as well as an intervention price system. At the beginning of the 1977/78 olive crop season stocks of olive oil held by the state amounted to approximately 100,000 tonnes. The 1978/79 crop is expected to add another 40,000 to 50,000 tonnes to this. Greece succeeded in 1978 in selling some 55,000 tonnes of olive oil from Government stocks to EEC markets. This level of exports to the EEC is well above that of previous years. Exports to the EEC totalled 7,457 tonnes (5 percent of EEC imports) in 1976/77 and 18,106 tonnes (20 percent of EEC imports) in 1975/76. Over 90 percent of these exports went to Italy, which is the major consumer and importer in the Community.

Despite the erratic Community supply situation, the olive oil sector was a focus of particular anxiety during the accession negotiations. The Greek delegation had originally demanded the immediate application of the CAP in the olive oil sector from the time of accession. The Commission, however, eventually proposed a seven year transitional period for olive oil, as a particularly sensitive product. This was because during a shorter transition period higher Community prices, together with the EEC system of aids to producers, would substantially stimulate production of olive oil in Greece, thus possibly creating a large surplus in the Community. There was even an attempt by the Council of Ministers to extend the proposed seven year period to eight in the final negotiations on the agricultural provisions of the Treaty of Accession. Eventually, however, it was agreed the Greece should start to benefit from the CAP's provisions

for olive oil in November 1980, even before full membership of the Community in January 1981.

According to a recent detailed study of Greek accession to the Community*, Community membership is likely to stimulate substantial increased production of olive oil in Greece. The Greek government has made some efforts to discourage increased olive oil production, for example by denying cheap loans and grants to olive producers growing olives for oil. Yet olive production is an important sector of the economy, employing about 400,000 farming on a full or part time basis and covering some 17 percent of the total cultivated area of Greece. Moreover, about 90 percent of trees are for the production of olives for oil, rather than table olives. Thus, in terms of the domestic economy, the rather obscure provisions of the CAP dealing with olive oil production are of crucial importance to Greece.

The EEC regime for olive oil is part of the general provisions for vegetable oils and oilseeds, although because of the higher level of Community self-sufficiency in olive oil it may almost be regarded as a regime in itself. The system is designed to guarantee the producer of olive oil a return similar to that obtained for other crops in which the Community is self-sufficient. In order to do this, while at the same time allowing olive oil to be traded within the Community at fixed target market prices, the Community pays direct income subsidies to producers to compensate them for the difference between a national production price and the target market price. The target market price, or representative market price, is preserved by means of the threshold price, which is the price below which imports cannot enter the Community. Imports of olive oil are thus subject to a variable levy, theoretically amounting to the difference between the world price and the threshold price. In addition to this they are subject to a fixed duty reflecting higher processing costs within the Community. Along with other countries with Association Agreements with the EEC Greece is exempted from this latter duty. In addition the Community provides export refunds on olive oil exported to the world market.

The complexity and scope of this regime, which was designed to deal with olive oil production in the south of Italy, could cause the Community problems in dealing with the sizeable Greek olive oil sector. It is estimated that the price to olive oil producers in the EEC is 14 percent above the price in Greece, and that in addition farmers in the EEC receive an additional amount of income support equal to almost 40 percent of the price. The application of the higher Community prices and of Community income support schemes in Greece would thus considerably improve the returns to olive oil producers, providing them with an incentive to increase production.

Accession will also probably result in a reduction of Greece's very high consumption of olive oil. This will come about for two reasons. Firstly the application of Community

* The Agricultural Implications of EEC Enlargement – Part 1: Greece (Agra Europe Special Report No. 3) available for 12.50 pounds sterling from Agra Europe, 16 Lonsdale Gardens Tunbridge Wells, Kent TN1 1 PD, England.

prices will result in higher prices to the consumer and hence a decreased competitiveness of olive oil with respect to alternative products. Secondly, Community membership will oblige Greece to gradually lower her restrictions on the imports of products in competition with olive oil, thus creating a market for alternative oils from third countries.

Greece is an important producer and exporter of tobacco, accounting for about 2 percent of world production of raw tobacco in 1977. Tobacco exports from Greece accounted for 4.5 percent of total world exports in 1977, and brought in 151 million US dollars (22 percent of agricultural export earnings). In terms of land area, the 119.000 tonnes of tobacco produced by Greece in 1977 took up only 3 percent of the arable land. Tobacco provides employment for about 124.000 farming families in Greece, as well as about 50.000 workers in the processing industry.

Changes in tobacco sector

The accession of Greece will substantially change the Community supply situation for tobacco. Community production of raw tobacco in 1977 was 164.000 tonnes, so that accession will increase Community production by 75 percent or more. The EEC is, however, a substantial net importer of raw tobacco, about 40 percent of world tobacco exports go to the Community (531.300 tonnes in 1977).

About one quarter of Greek tobacco exports go to the EEC and these amounted to 12.000 tonnes (3 percent of Community imports) in 1977. By far the largest EEC customer for Greek tobacco is West Germany, which in 1977 accounted for 64 percent of EEC imports from Greece. The other major markets for Greek tobacco are Eastern Europe (especially the USSR), the US and the Middle East.

Greek accession will require the coverage of the EEC tobacco regime to be extended from its present number of varieties (19) to take in all the oriental varieties grown in Greece. The EEC tobacco regime, which consists of intervention prices and premiums paid to users who purchase Community tobacco, would incur considerably increased costs with the accession of Greece. A Commission reply to a Parliamentary question in 1977 put the additional costs of the tobacco regime arising from Greek accession at 90 million units of account.

Wine problems relatively small

Like all Mediterranean countries, Greece is a substantial producer of wine. Production of wine in 1977 was 4.520.000 hectolitres; this compares with about 130 million hectolitres in the EEC. Greece is the world's thirteenth largest wine producer with vineyards covering about 200.000 ha or 5 percent of arable land.

The effect of Greek accession on the wine market will not therefore be as great as that of Spanish or Portuguese accession, and in the long run the total, and dramatic, effect of enlargement to include the three applicant countries must be taken into account. A Community of 12 would account for

about 65 percent of world production of wine, as well as being the major consuming unit of wine in the world.

This increase in the Community's wine production potential could aggravate the present problems of the wine sector. These are summed up in the popular mind by reference to the much vaunted 'wine lake', which symbolises the almost continual surplus of low quality wine from the Community's Mediterranean regions. The problem is embedded in the structure of the EEC's wine producing areas, so that Greek production and exports alone are not likely to stimulate a wine crisis of the magnitude of that which the Community saw in 1975 and 1976, when Community expenditure on support for the wine market jumped from an average of 31.5 million units of account (ua) in the period 1971 to 1974 to 138.8 million in 1975 and 172.8 million in 1976. New wine policy measures, introduced in 1976 agains surpassed the 200 million ua mark.

Greek agricultural policy in the wine sector allows for refunds on wine exports while imposing tariffs on imports to protect the domestic market. In recent years Greece has prepared for EEC membership by undertaking certain policies to orient production more to Community needs. These include: the switching of production towards wines complementary to those grown in the Community (particularly of blending varieties), the delimitation of 23 zones of origin and the construction of new wineries and of large storage facilities.

EEC's only cotton producer

The scope of the EEC's agricultural policy has had to be extended to encompass Greek cotton production. Greece will be the only cotton producer in the Community of ten (the nine plus Greece). Greece produces about 130.000 to 140.000 tonnes of cotton annually. Cultivation takes up about 150.000 ha and occupies some 70.000 families. EEC production, by comparison, is insignificant, less than 20.000 tonnes, all in a small area of Italy.

Cotton exports of 31.146 tonnes in 1976 were valued at 44.5 million US dollars, although a further decline in earnings, to 35 million US dollars occurred in 1977. Exports in 1976 went mainly to Eastern Europe (57 percent) while the Community bought just over 5.000 tonnes from Greece (16.5 percent of exports).

The accession of Greece would also result in the introduction of a common organisation of the market in cotton, in accordance with Treaty of Accession.

It can therefore be seen that though the accession of Greece to the European Community will create some problems for the Community, these problems will be easily handled within the flexibility of the Rome Treaty and of the Common Agricultural Policy itself.

In general economic terms, one of the important aspects of the CAP which Greece will have to cope with in the 1980s is its structural effect on the Greek economy. Higher prices will undoubtedly encourage the industrialisation of Greek agriculture, this in turn is likely to create rural unemployment which the rest of the economy may have difficulty in dealing with.

TRADE WITH ARAB COUNTRIES CONTINUES UPWARD TREND

Athens BUSINESS & FINANCE in English 30 Jun 79 p 4

[Text] According to the National Statistical Service, Greek exports to Arab Countries during 1978 continued their upward trend, although at a slower pace. Thus last year Greek exports to the Arab World totalled 24.299 billion drachmas compared with 19.391 billion in 1977, a rise of 25.3 percent.

The most impressive event of last year, however, was the striking increase of Greek exports to Saudi Arabia, which brought the Arab country 4th in rank among the countries that are Greece's customers. It should also be noted that Egypt, the third Arab country after Saudi Arabia and Libya, is now included in the list of the ten most important countries for Greek exports.

Transportation

Transportation has always been a decisive factor in the development of Greece's international trade and this has been particularly true for trade with the Arab countries. Thus, when the Suez Canal was closed, Greek products met with great difficulties in reaching the important markets of the Arab Peninsula.

The reopening of the Canal also opened a wide gate for Greek exports and the fact that Greek-flag ships rank first in number of all flags transiting through Suez is a clear indication of the importance of the route to Greece.

However the Suez Canal alone would not have been sufficient to solve the problems of transportation of goods

to the Arab countries if Greece's link with Syria and Lebanon had not been promoted.

In close cooperation with the Syrian Government, the link between Volos and Tartous was established and the line which started with just one vessel sailing each week, is now running six separate lines, i.e. a ferry departs daily from Volos to Tartus. This impressive increase in schedules shows first how badly the establishment of this route was required. When the programme providing for the establishing of a railway connection between Greece and Syria operating on the same route is completed, a major new transportation route will have been created which will not only serve Greece but also many other European countries.

In order to complete the network of sea transportation routes there is also the planned Piraeus-Grete-Libyan ports ferryboat line, with the prospect of extending this on to Tunisia. It is expected that Greek exports to the above two Arab countries will show an impressive growth soon after this new line comes into operation.

Principal Arab buyers of Greek goods—1974 to 1978 (in million drachmas)

	SAUDI ARABIA	EGYPT	LIBYA	LEBANON	ALGERIA	IRAQ	SYRIA	KUWAIT	JORDAN	U A E	TUNISIA
1974	293	948	2,763	943	448	406	412	214	104	210	
1975	917	1,016	4,256	1,079	757	619	1,112	411	214	107	883
1976	4,152	2,239	4,778	805	608	885	1,287	608	773	492	379
1977	4,898		4,599	1,221	513	1,178	1,004	801	659	535	207
1978	7,458	3,261	4,180	1,484	1,513	1,162	1,087	699	943	756	955

CSO: 4920

NEW AUTO COMPUTER CENTER OPENED

Athens BUSINESS & FINANCE in English 30 Jun 79 p 6

[Text]

THE Motor Statistics Service, a joint service of the Association of Insurance Companies and the Union of Greek Insurers, last Monday inaugurated their new computing centre which will store information on all vehicles in circulation in Greece today. With the number of cars rising steadily, this development is in fact very important for both the Greek motorist and the authorities and insurance companies as well, the insurers claim.

According to data released recently by the Bank of Greece, the total value of foreign exchange expended for car imports in the first quarter of 1979 rose to \$96.4 million -the corresponding figure for 1978 was \$92.8 million and

for 1977 \$66.5 million. Although the increase is basically accounted for by the rise in the price of vehicles, the number of imported cars is also higher. A significant shift of preference has taken place however, from large to cheaper and smaller cars. The shift presumably was caused by a general rise in prices, particularly of petrol, and also by the recently introduced heavy taxation on cars directly and on car owners indirectly.

The number of driving licences issued in January 1979 was 12,567 while in same month of 1978 it was 11,036, indicating a 15 percent increase.

It is hoped that the new computer facilities will provide quick and reliable information on the number of cars, the rates of accidents, etc. throughout Greece and thereby promote the efficient organization of insurance companies.

CSO: 4920

TOBACCO GROWERS FACE DIFFICULT FUTURE

Athens BUSINESS & FINANCE in English 30 Jun 79 pp 25-27

[Text] THE Athens Chamber of Commerce and Industry recently highlighted the problems faced by Oriental tobacco producers in Greece and by other Mediterranean and Balkan growers, every one of whom is experiencing the same problem of stagnating demand for their produce.

The principal reasons for this decrease in consumption of the oriental types of tobacco are various and include rising costs of production which have forced cigarette manufacturers to use cheaper substitutes from Eastern Bloc, South American and African countries, the ability of cigarette manufacturers to call on technical know-how rather than mixtures of tobacco to change the quality of their raw material, the increasing pressures from various anti-smoking campaigns, and also seemingly a change in taste (particularly of the European smoker) away from the Oriental types of tobacco towards Virginia or similar types. A further factor which has adversely affected production of Oriental varieties is the

dis-organised programming of expansions in cultivation and, in some cases, a lowering in the quality of the final product.

An additional factor which has effected the Mediterranean producers over the last few years has been the appearance of Italy as a significant exporter of Oriental tobacco since 1970. The country's rise in importance in this sector has largely been the result of the application of the EEC's Common Agricultural Policy which, through FEOGA subsidies, has increased Italian oriental tobacco exports from virtually nil prior to 1970, to between 15,000 and 20,000 tons in recent years (see accompanying tables). The markets supplied by the Italian material were mostly lost to Greece, Turkish and other suppliers.

Export performance

The results of these various problems are graphically displayed in the accompanying diagrams which show

Exports of Greek tobacco by areas of destination

Countries of destination	1975		1976		1977		1978	
	Quantity	Value	1976		Quantity	Value	1977	
			Average	value			Average	value
(Tons)	(thous. \$)	(\$ per ton)	(Tons)	(thous. \$)	(Tons)	(thous. \$)	(Tons)	(thous. \$)
								(\$ per ton)
North America	4,228	16,575	3,920	12,723	45,369	3,566	7,815	24,633
EEC countries	11,549	36,046	3,121	15,097	42,718	2,829	19,303	3,152
Other OECD countries	5,883	19,103	3,247	7,506	22,841	3,043	6,985	2,972
Eastern Europe	11,501	39,498	3,434	17,761	57,708	3,249	16,422	3,246
Middle East	8,398	23,081	2,748	11,162	30,104	2,697	7,724	3,403
Africa	208	489	2,359	653	1,440	2,207	211	3,147
Other countries	524	2,232	4,264	1,776	7,129	4,015	1,231	4,900
Burley TOTAL	42,291	137,024	3,240	66,678	207,309	3,109	59,691	3,186
Oriental Burley	9,805	21,042	2,145	11,330	23,242	2,051	6,810	2,220
Virginia Oriental	32,486	115,982	3,570	55,245	183,872	3,328	52,879	3,311

production and export performance of the major Oriental tobacco producers in the Eastern Mediterranean area for the last ten years. Looking specifically at the export performance of Greece and Turkey it can be seen that, for Greece, exports in the years 1965 to 1969 averaged 70,000 tons, in the years 1975 to 1977, 44,000 tons, and in 1977 alone 39,000 tons. A similar in exports has been recorded for Turkey which in the 1965 to 1969 period exported an average of 80,000 tons of Oriental tobacco annually, in the period 1975 to 1977 this average fell to 67,000 tons and in 1977 alone was 61,000 tons.

Concurrent with this poor export performance, total stocks of tobacco in both countries have risen to quite alarming proportions with, up till the 1977 crop, some 200,000 tons held in Turkish stocks and 140,000 tons in Greece.

Further disheartening figures can be recorded when looking at the ratio of exports to production which in Greece in recent years has fallen significantly. In the period from 1965 to 1969 exports of Oriental tobacco produced in the 1964-1968 period represented 80 percent of the total exportable production. In the period between 1975 and 1977 (and looking at 1974-1976 material),

This percentage had fallen to 57 percent. The corresponding figures for Turkey (excluding domestically consumed production) were 62 percent and 37 percent respectively.

Looking at the last export year (1977-1978), it is expected that Greek exports of Oriental tobacco will amount to around 53,000 tons (compared with 55,000 tons in the 1976-1977 period) valued at approximately \$175 million (\$184 million in the previous year). Perhaps more importantly, however, the average price is also expected to fall from \$3.33 per pound to \$3.31 over the two year periods above (see tables for fuller details). On the Burley side the picture is equally disappointing with 6,810 tons of Burley tobacco

expected to be exported in the 1977-1978 period (with a total value of \$15.1 million and an average price of \$2.22 per pound) compared with 11,330 tons in the previous year (with a total value of \$23.2 million and an average price of \$2.05 per pound).

From the above it can be seen that the levels of total Greek exports of tobacco, their total value, and their average value per pound will fall over the period 1976-1977 to 1977-1978. The figures are as follows:

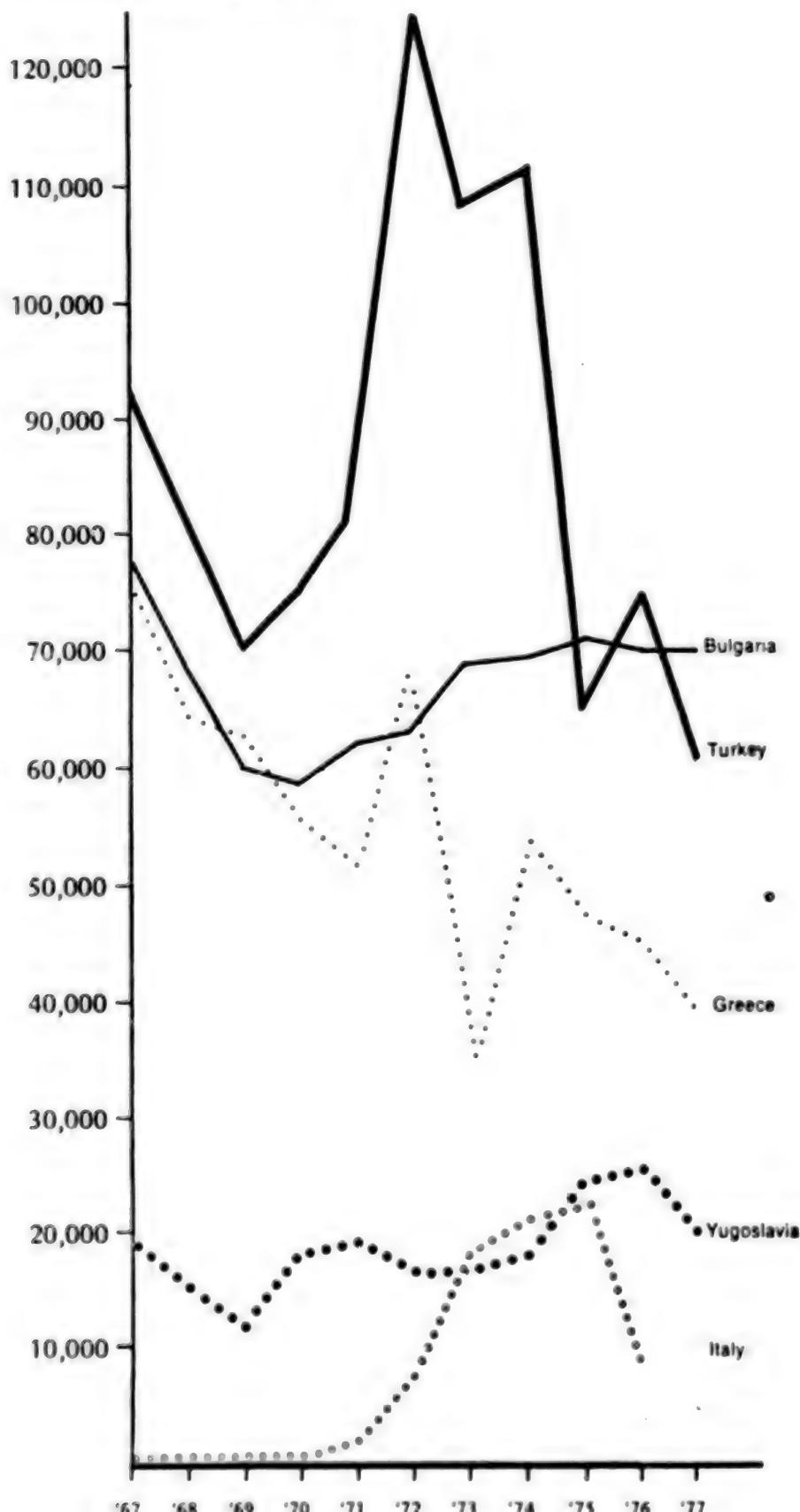
	Total exports (tons)	Total value (\$million)	Average value (\$per lb)
1976-1977	66,678	207.3	3.19
1977-1978	59,691	190.2	3.11

Who's stopped buying?

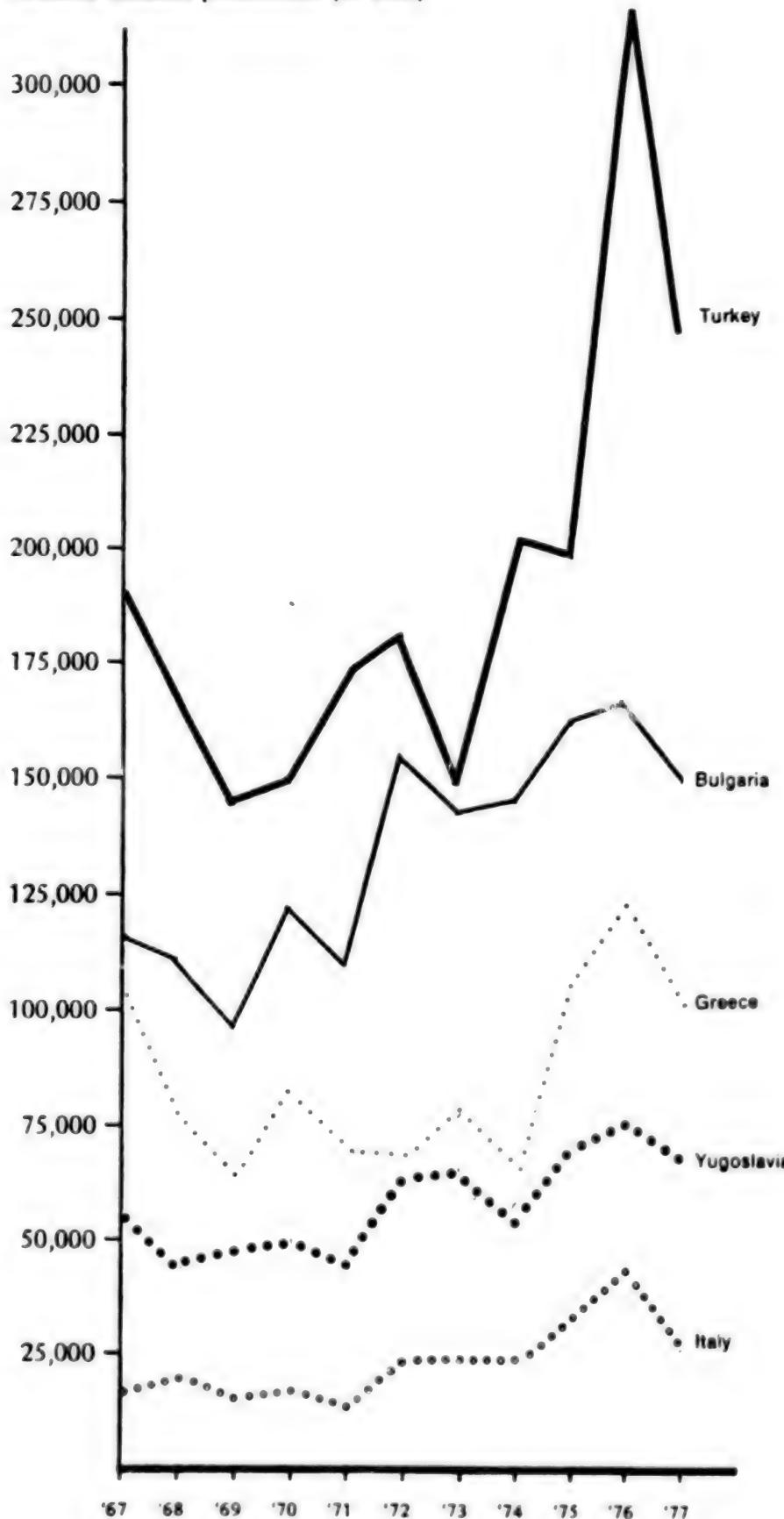
Looking at the regional distribution of Greek tobacco exports it can be seen that the slackening of demand has been most evident in the US and Middle Eastern markets while the EEC area has regularly taken larger amounts over the last few years.

West Germany continues as Greece's best customer taking some 20 percent of Greek exports in the 1977-1978 year. The Soviet Union also accounts for a good amount (15.7 percent of total exports) with the USA (13 percent), Egypt (11.5 percent) and Japan (7.5 percent) making up the bulk of the remainder. Shortfalls in export levels have meant that in the 1977-1978 year, as much as 34,000 tons (44 percent) of the total amount of net exportable product of the 1976 crop remained unsold for the second consecutive year and is held in stocks either by dealers or with the National Tobacco Board. It is estimated that (as of the beginning of October last year) the Tobacco Board held some 50,000 tons of tobacco from the 1976 and previous crops representing

Oriental tobacco exports (in tons)



Oriental tobacco production (in tons)



virtually one years' export volume. The Board's stocks were reduced by nearly 10,000 tons after a tender issued in August 1978, but were subsequently increased by 20,000 tons by 1977 crop produce and a further 10,000 to 12,000 tons with the guaranteed commercial tobaccos the Board collected from the 1976 crop. The result was that at the opening of the 1977 negotiating period the total volume of stocks held by the state was around 70,000 tons.

Outlook

The Chamber's outlook for the 1978 crop is also not too bright. It reports that: "Apart from the reasons we have already mentioned, this crop has formulated a very high export cost, because of the increased prices paid to growers, the increased processing cost, the increased contributions and the low qualitative yield. And, if we also consider, the low prices policy continued by the Turkey, we can clearly see that, unless special manipulations are made, the export of this crop will have very serious difficulties to face. To confront the difficulties generally arising with the Greek tobacco market, however, strenuous and joint efforts should be undertaken from the part of the production sector, the state and commercial stocks, sector, and the sector of prices and exports in general.

CSO: 4920

ECONOMIC GROWTH ESTIMATES FOR 1979 TO BE TRIMMED

Athens HELLENEWS-EXPRESS in English 28 Jun 79 pp 1, 2

[Text] Bank of Greece estimates for 1979 economic growth in Greece have been trimmed down to 4% (5.9% in 1978). This reduced GNP estimate for 1979 is expected to result from the fact that the private sector is making only the most modest of investments and such growth as there may be will have to come largely from the public sector. It is already evident that the private sector is investing much less in housing this year while there is so far nothing to suggest that investment in manufacture will exceed last year's rate. It is even expected that the first signs of some unemployment, until now unknown in Greece for a score of years, may become apparent on a modest scale. (Editor's comment: In theory, this statement about unemployment is correct. However, if the heavy overstaffing of the Civil Service and of various public corporations is taken into account, then it will be realised that there is in fact some considerable concealed unemployment. It is a case of people being paid to sit at a desk duplicating other people's work or doing something non-productive instead of being paid on the dole to look for a job. In terms of unemployment or under-employment, it comes to the same thing in the end). Increases in the cost-of-living index during the second half-year of 1979 are expected to be appreciably lower than they have been in the first half. It is stated that there has been a degree of stock-piling of raw material as well as a build-up of stocks of several manufactured finished products. Combined with a fall in demand, these conditions seem likely to contribute to the discouragement of future inflationary pressure. As a result, where the balance of payments is concerned, the estimate is that overseas borrowing may not have to exceed a sum of \$350 million.

CSO: 4920

INDUSTRIAL INVESTMENT INCENTIVES QUESTIONED

Athens HELLENEWS-EXPRESS in English 28 Jun 79 pp 2, 3

[Text] Mr. Khr. Katsambas, broadly accepted as the "doyen" among Greek industrialists, put in terms stronger than have ever been used in this publication on the same subject, his views on the deterrents to private industrial investment in Greece. Mr. Katsambas is quoted as having said this week:

"There has been no industrial investment and there will be none. No manufacturing company, from among those which were able to show a profit in recent years, has succeeded in paying more than a 3% to 5% dividend on the already depressed market value of its shares on the Athens Stock Exchange and even this has been taxed at 41%, leaving a net 1.8% to 3% for the shareholder.

At the same time, three of the country's leading banks, the National Bank of Greece, the Hellenic Industrial Development Bank and the Agricultural Bank are constantly advertising payment of interest on deposits and on short-term bonds issued by them at 12% and 13%, tax-free. An industrial firm cannot be treated like some small street corner-shop. It is a major undertaking which aims at production on a planned technical and financial basis, linked to the engagement of personnel and it has to rely on the sale of its output at prices covering cost plus a lawful profit margin. The latter has to suffice to finance further development, technological improvement and payment of, at least, a lawful interest on the capital subscribed by shareholders. If, therefore, there is a clear demarcation between proper industrial profit on the one hand and irresponsible slander and alleged fantastic profiteering figures on the other, the state would soon cease to wonder why such investment incentives as it has been offering have failed to arouse any response."

CSO: 4920

FIRST GREEK-ARAB MEETING OPENS

Athens HELLENEWS-EXPRESS in English 28 Jun 79 pp 3, 4

[Text] The first Greek-Arab meeting was opened at the Zappeion Exhibition Hall on the 25th of this month by Minister of Commerce Mr. G. Panagiotopoulos. A total of 233 Greek firms are exhibiting export products, made in Greece, which could in any way be of interest to purchasers in Arab countries. Greek exports to these countries in 1978 valued \$660 million.

Among those present at the opening ceremony were the representative of the Arab League in Greece, Mr. Mohamed El Sayed; Deputy Pavlos Vardinogiannis, chairman of the parliamentary committee on relations with Arab countries; the Ambassadors of Egypt, Syria, Saudi Arabia, Jordan and the Lebanon, and Charges d'Affaires and Counsellors from the embassies of Kuwait and Iraq, etc. There was also Minister of Industry M. Evert, the chairman of the Export Promotion Council and its General Manager and several hundred leading personalities from the Arab business world who had been invited to Athens for the occasion. At the time of going to press, the exhibition is still open and all indications are that the Arab visitors have made the most of the opportunity given to become acquainted with numerous Greek products and to visit on the spot the premises or farming areas where they are manufactured or grown. On the banking side, after the Greek-Arab Bank already founded in Athens and the Arab Bank which is in process of setting up its Athens branch, a group of Arab financiers have begun negotiations for the founding of a second Arab bank in Greece, jointly with Greek interests.

CSO: 4920

PROPOSED MAJOR PROJECTS TO PAY FOR THEMSELVES

Athens HELLENEWS-EXPRESS in English 28 Jun 79 p 4

[Text] A briefing conference on proposed major public works projects in Greece was held this week at the Evgenidion Conference Hall at Faliron, near Athens. The object was to inform Greek and foreign engineering firms, whose representatives were attending the conference, of the precise projects and the means whereby they could be made to pay for themselves. The suspension bridges to carry road traffic across the Gulf of Corinth at Rion-Antirrion and at two points across the Straits of Saron, as well as a corniche road at Thessaloniki, were the specific projects mentioned. The proposal was that private firms should finance and construct them and be refunded out of the collection of road/bridge tolls from their use. That is to say, the tolls would be mortgaged to the contractors for as many years as necessary to pay off capital outlay and agreed interest or profit. The government would guarantee the right to convert drachma receipts into foreign currency for repatriation. The Greek Government is now awaiting such letters of intent as the participants at the conference might wish to submit. (Editor's comment: In the past, HELLENEWS has warned against too much importance being attached to announcements about ambitious projects unless they are accompanied by some clear indication as to how they are to be financed. In the present case we do have a clear statement that 100% financing is expected from the contractor. Success must, therefore, logically rest upon the degree to which it may seem possible to calculate accurately from now the value of tolls over a given number of years. It will also be interesting to note what guarantees interested parties may demand, especially as regards continuity of their ability to repatriate capital and profit/interest. Where the Thessaloniki project is concerned, it is less easy to foresee how a toll system on vehicles using it can be enforced as it will presumably have tens of streets leading off it. A toll for crossing a bridge is the simplest of matters but what is presumably to be a broadening and an extension of today's busy city thoroughfare in the same district is an entirely different kettle of fish and to our mind totally unworkable).

EXPORTS FOR 1978 COVER 44 PERCENT OF IMPORTS

Athens HELLENEWS-EXPRESS in English 28 Jun 79 p 5

[Text] Figures released by the Association of Exporters of Manufactured Goods showed that such exports in 1978 represented 70% of Greece's total exports. In the same statistics, all Greece's 1978 exports were shown to have covered 44% of the value of total imports. Greece's exports to EEC countries covered 50% of the value of total exports and 74% of Greece's exports to all European countries. Greece exported to the EEC goods worth just a trifle over 50% of its imports from the EEC. Greek exports to Arab countries in 1978 valued drachmae 24,500,000,000. Those desiring further details on these figures, are welcome to contact the appropriate collaborator of the association, Mr. Zakharias Varoukhakis, Tel. 3227-644.

Meanwhile, with a 5-month back-log, the National Statistical Service has published export figures for the month of January 1979. Their total value is given as Drs 9,356 million compared with Drs 6,788 million in January 1978. By destination, a breakdown shows in millions of drachmae (figure in bracket shows the January 1978 level):

EEC	6,352	(4,769)
EFTA	224	(191)
COMECON	1,246	(1,010)
Rest of Europe	196	(134)
U.S.A.	505	(331)
Canada	52	(34)
Asia	1,715	(814)
Australia-N. Zealand	24	(16)
Miscellaneous	33	(64)

CSO: 4920

HELLENIC SUGAR REFINERIES; GOOD 1978 RESULTS

Athens HELLENEWS-EXPRESS in English 28 Jun 79 p 6

[Text] Hellenic Sugar Refineries S.A. have abandoned, for the time being, any thought of a citric acid factory because the results of an international adjudication for its construction showed its cost to be too high (Drs 1,000 million).

On the positive side, the committee appointed to draft a preliminary report on the possible use of the molasses from the refineries for the distillation of alcohol, will submit its findings in August. Rising world oil prices, as well as the possibility of actual shortages looming on the horizon, have added importance to the use of alcohol in benzine in Greece. As previously reported, Hellenic Oil Refineries are already experimenting on three of their Opel passenger cars with mixing alcohol and benzine. The tests will continue for 3 months. Alcohol from sugar refinery molasses is one of several sources from which alcohol can be conveniently produced in Greece. Hellenic Sugar Refineries produced 325,000 tons of sugar in 1978. This means that, together with part of a previous surplus, there will be some 60,000 tons available for export this year. Production cost in 1978 was only 1.92% higher than in 1977. The share capital of Hellenic Sugar Refineries has been increased from Drs 200 million to a new total of Drs 400 million, the entire difference having been subscribed by the state-owned Agricultural Bank which controls 98.66% of the equity of the Hellenic Sugar Refineries.

100: 4920

STRIKES, DEMANDS REPORTED

Athens HELLENEWS-EXPRESS in English 28 Jun 79 pp 7, 8

[Text] After a week's lull in strike activity in general,

(a) the staff of the Hellenic Industrial Development Bank declared a two-hour stoppage of work on consecutive days last week,

(b) the staff of the Fiscal Service of the Ministry of Finance is disgruntled on the grounds that the Government has failed to meet the extra expenses incurred and overtime work performed in checking the large increase in income tax returns which have been pouring in for the last few months. They have threatened not to assess any more income tax, or other taxes such as that on property transfer. The General Council of the Federation of Fiscal Clerks, which took this decision, said last week that, "after our appeal lodged with the Council of Conciliation (a form of arbitration) has been heard on the 26th of this month, we will declare a strike in order to ensure fair treatment."

The fact that, the decision to come out on strike was taken before the hearing of the appeal, suggests that the fiscal branch of the Ministry of Finance was determined on strike action irrespective of what awards the Council of Conciliation might have made on the 26th and that this branch of the Civil Service is set firmly on a collision course with its employers (the Ministry of Finance). The Ministry of Finance, in a statement released on the 20th of this month, has already admitted that it is behind schedule in the collection of taxes assessed but that, out of a total of 1,450,000 income tax statements received this year (for income earned in 1978) 784,000 had been processed and debit notes sent out. Naturally, collection of tax is a particularly sensitive sector and if strike action becomes widespread among the fiscal staff and lasts any length of time, its effects will be felt acutely in the public revenue.

(c) The nursing and clerical staff of 54 state hospitals came out on a 4-day strike on the 21st of this month. A skeleton staff remained on duty to deal with dangerous emergencies.

(d) Diesel-powered bus drivers and conductors of the Athens Urban Services came out on strike on the 21st of this month (the electric trolley-bus system was not affected).

(e) A lock-out of all Greek coastal cargo vessels seems likely if the government goes ahead with its plan to make them draw their diesel or fuel oil bunker requirements from duty-paid stocks. The matter is presently in suspense.

CSO: 4920

EIB SIGNS LOANS WITH VARIOUS ORGANIZATIONS

Athens BUSINESS & FINANCE in English 9 Jun 79 p 5

[Text] Reaping the Benefits of Accession

The last couple of weeks has seen the signing of several loan agreements in Athens between the European Investment Bank (EIB) and various Greek organisations and institutions. The first agreement was concluded by Mr. Kontogeorgis, Minister for EEC Affairs, and the President of the EIB Mr. Uves Le Portz, providing for a loan to finance projects for forestry development in Macedonia and Thrace. The loan amounts to 10 million European Units of Account (about 500 million drs.) at a 6.05% subsidised interest rate.

At the same time, two further loan agreements were signed between the EIB President and Mr. Spentzas (ETVA Governor), the first for an amount of 10 million European Units of Account EUA (500 million drs.) to be used for financing various medium and small industrial units throughout the country; and the second amounting to 6 million EUA (about 300 million drs.) at a similar 6.05% subsidised interest rate for financing construction of industrial areas in Thessalonika and Iraklion, for standardized industrial complexes suitable for the establishment of small industries. The duration of the first loan is 13 years (with a 3-year grace period and a 9% rate of interest). The second loan is for a 15-year period (with a 3-year grace period and a 9% interest rate).

A further loan agreement was concluded between Mr. M. Angelopoulos (PPC [Public Power Corporation] governor) and the EIB covering an amount of 18 million EUA (about 900 million drs.) to be used in the financing of the construction of hydroelectric stations at Sfikia and Asomaton on the Aliakmon River. Provisions have been made to supplement this within the course of this year with another agreement for a second loan of 17 million EUA (845 million drs.). Duration of the loan will be 15 years with a 4 year grace period.

The agreement covering the largest single loan was signed at Khania on Crete at the end of last week by Coordination Minister Mitsotakis and Mr. Le Portz of the EIB. The agreement provides for a loan of 25 million EUA (about

1,243 million drs.) to be used in financing development of water resources in Western Crete. Following conclusion of the agreement, Mr. Mitsotakis emphasized the significance of the project and its experimental nature. "We have instituted a local self-governed and decentralised organisation," the minister reports, "which will assume responsibility for the study, the supervision, the construction and the total implementation of the project."

The minister emphasized the importance that the government was giving to decentralisation and this effort tended to free the Greek provinces of the dependence on a central administration which caused unjustified delays, and damage and loss of time and money.

Mr. Le Portz in his reply stated that the water project in western Crete was a model project and its purpose was to secure prosperity in the district through its aim of doubling agricultural income in the area. "The success of the project will also be our success," Mr. Le Portz reported. "Until now we have been saying that Greek problems were examined within the framework of the Community. Now the Greek problems are also our problems."

CSO: 4920

TEXTILE EXPORTS MAKE SIGNIFICANT INCREASE IN 10 YEARS

Athens BUSINESS & FINANCE in English 9 Jun 79 p 5

[Text] Greek textile exports have marked a spectacular increase during the course of the last decade according to figures recently released by the Bank of Greece. The value of exports, including ready-to-wear clothing, increased from \$19.3 million in 1968 to \$442.6 million in 1977.

The increase of exports of ready-to-made clothing was particularly impressive as the value of this branch rose from \$2.3 million in 1970 to \$174.2 million in 1977. The share in total textile exports thus increased from 6.7 percent in 1970 to 19.1 percent in 1973, 39.4 percent in 1976 and 39.4 percent in 1977.

A breakdown of textile exports is shown in the table below (in \$ million).

According to National Statistical Service statistics 1978 exports by category were as follows: (in 000 drs.)

<u>Product</u>	<u>Value</u>
Weaving yarns	5,913,064
Cotton fabrics	363,715
Synthetic & artificial textiles	287,630
Other textiles, cotton or synthetic	35,833
Knitted fabrics & other knitted products	195,808
Nets, laces, embroidery	320,388
Special cloths & similar products	40,622
Woven textiles	570,361
Mens & boys clothing (except knitted)	517,728
Womens, girls & children clothing (except knitted)	1,160,719
Underwear (except knitted)	194,428
Knitted wear	3,782,300
Knitted underwear	849,655
Accessories	226,910
Wearing apparel & accessories other than textiles	589,691

Year	Total exports	Textile exports including clothing	% of total exports	Exports of clothing
1968	464.9	19.3	0.04	
1969	530.3	25.7	0.04	
1970	621.2	34.4	0.05	2.3
1971	624.9	44.5	0.07	
1972	835.4	84.5	0.10	
1973	1,230.5	155.5	0.12	29.7
1974	1,774.1	202.0	0.11	
1975	2,029.9	254.4	0.12	
1976	2,227.5	369.5	0.16	145.4
1977	2,522.4	442.6	0.17	174.2

CSO: 4920

MINISTER DESCRIBES SOCIAL WELFARE, PENSION SYSTEM

Athens BUSINESS & FINANCE in English 9 Jun 79 pp 8-11

[Interview with Undersecretary at the Ministry of Social Services Gerasimos Apostolatos by BUSINESS & FINANCE correspondent]

[Text] Significant changes in Greece's social security system have been introduced over the last few years and in order to examine the services currently offered through the country's social welfare scheme, B&F recently spoke with Mr. Gerasimos Apostolatos, Undersecretary of the Ministry of Social Services, who outlined the progress made by his Ministry in improving the social security system.

B&F: The social security scene in Greece has seen a good deal of change in the last few years as a result of the introduction of new legislation to improve the system. Could you give us a general overview of the situation regarding social security in Greece?

Apostolatos: In general terms the work force is covered directly while protection will be extended to include members of families as well as those who are retired. The economically non active segment of the population is covered indirectly for sickness benefits in kind, family allowances, and pensions for widows and orphans.

A characteristic feature of the Greek social security system is the number of institutional schemes serving different categories of the working population. Approximately 80 percent of workers and employees covered by the Private Law Relation Act are protected against conventional risks by way of the Social Insurance Foundation (I.K.A.) and other general schemes. The principal plans are I.K.A., which provides the basic pension, the Labor Force Employment Organization (O.A.E,D.) which supplies unemployment benefits and family allowances, and the Workers' Home which provides accommodation.

The civil servants are insured by a state administered scheme. Bank employees, seamen, printers and employees of public utilities (e.g. P.P.C.--electricity; OTE--telephones) all have their own security fund and service.

Independent professionals and self-employed persons (e.g. doctors, tradesmen, craftsmen) have their own separate security plans covering basic risks such as old age, infirmity, illness and death; the principal ones being T.E.V.E., T.A.E., TSAY. Farmers and rural workers in small outlying areas (e.g., communities with less than 5,000 inhabitants) are covered by the special state administered scheme OGA (Farm Insurance Organization). OGA also covers agricultural produce against frost, hail, gales and floods but not full coverage against certain kinds of risk, unlike the case of employees. As far as health insurance is concerned, IKA benefits provide full medical care. OGA operates rural infirmaries and sanitary stations as well as 'closed' care through public hospitals and even private clinics under special circumstances. Cash illness benefits are granted only to salaried employees. Maternity benefits include a fixed lump sum of 10,000 drachmas (equal to the income lost during absence from work), medical care during pregnancy, and obstetric care in case of abnormal delivery. Almost all of the population of Greece is therefore covered against illness.

Coverage for the basic pension is still higher--about 97% of the population. Moreover, most of the separate social security schemes supply supplementary benefits against old age, infirmity and death.

Unemployment insurance is available on a nationwide basis by way of OAED. There are also some groups of workers which have their own unemployment fund such as seamen and printers.

Family allowances to wage labour are usually provided by collective contracts of employment or by special conditions of employment: this is an extra benefit. If the employer does not provide higher protection than the employment organization (OAED) grants an increase of one to three children and 5 to 10 percent for wives. The 3rd and 4th child is granted a benefit for 15 years irrespective of the parents' income.

B&F: Could you give us a summary of the new innovations which you have introduced recently?

Apostolatos: A series of laws, decrees, and ministerial decisions have been issued aimed at the improvement of the social security system in this country. A summary of measures taken in 1978 as well as a list of the targets designated for 1979 can be outlined.

The new law Act 825/1978 has introduced basic institutional changes into the legislation of the Social Insurance Foundation (I.K.A.). A new period of important improvements in social benefits has been ushered in which, given the present political and economic conditions, is essential. The changes have been as follows:

IKA pensions can now be altered in proportion to any increase in the daily wage of unskilled workers. Those who are familiar with the old system, in which any eventual increase was made only with considerable delay, will be able to appreciate the importance of this measure. The increases will now be automatic.

Minimum levels will be calculated in the future not on the basis of absolute sums, as is the case now, but on the number of daily wages of unskilled workers. Any increase in the latter figure will bring about an increase in the pension. It should be noted that these minimum levels which up to now amounted to 3,400-3,800 drs now amount to between 6,200 to 7,200 drachmas as a result of the addition of family allowances. It should also be mentioned that, after the new arrangements, minimum levels are now relatively higher than many other countries.

The system of minimum pensions is becoming more equitable as a result of the differentiation according to the family situation of those insured. Until now the same rate was applicable to both the head of a large family as well as the unmarried.

The bill provides for the necessary differentiations and stipulates that the minimum level will be increased by 1 1/2 times the daily wage of unskilled workers in the case of an insured who is married and one daily wage for each child. With this arrangement thousands of insured with families to support will receive a higher pension.

The provisions of the bill according to which 250,000 old age pensions will be readjusted is felt to be extremely important. This is an equitable measure which should rectify the arbitrary methods introduced by the military regime. By this arrangement all insured who became pensioners as of December 31, 1973 will be protected by three clauses; those insured who became pensioners during 1974 will be protected by two clauses and those who became eligible during 1975 by one insurance clause.

A great improvement has been introduced for the protection of victims of occupational accidents through the substantial increase in the maximum pensions for those in this category from 7,100 to 15,650 drs.

From now on contributions paid by the insured into IKA will be calculated on the basis of the actual salary of the insured. In this way, all concerned will know exactly what they are bound to contribute and what is retained for contributions to IKA. On the other hand, the mechanism of payments to IKA will be activated and this will have beneficial effects on its total income.

A multitude of technical difficulties that exist under the present system of calculation of contributions based on the "assumed" salaries will disappear. The new system represents an equitable development for the insured and will help both employers and IKA in their effort to introduce new computerized systems of organisation.

Most important is the innovation through which the concept of a thirty five years employment limit is introduced. On this basis, the right to pension from IKA is established upon completion of 10,500 insured days and the attainment of 58 years of age, instead of 65.

The right to a reduced pension from the 56th year of age (with a reduction equal to 6 percent for each missing year) has been introduced.

An incentive for further work for those having completed 10,500 days of work and the 58th year of age is also provided for, through the additional increase in the amount of the pension.

A better way of calculating the pension of persons who are covered by more than one insurance fund is necessary.

This clause is deemed imperative in order to put an end to certain violations which have reached dangerous proportions for many funds, especially for IKA, which pays high pensions compared to other funds. This was done in the hope that a section of those insured who try to come under IKA coverage for the sole purpose of receiving a higher pension without contributing to it, will be discouraged. It goes without saying that rights already acquired will not be affected.

The possibilities for working people to fill the gaps of their insured life through voluntary insurance with IKA are being enlarged. Namely, the optional existing limit of 60 years, after which no one could apply for the first time for optional insurance is being abolished.

This clause is important in view of the fact that there were cases of insured who only lacked a few insurance stamps in order to have the required amount (4,050 insurance stamps) for receiving a pension and who, because of their age, could not find a job. They thus remained without insurance coverage and with no pension. They will now be in a position, by virtue of this new clause, to obtain the missing insurance stamps through optional self-insurance.

The protection through insurance of the working people is being broadened by including, for the first time, the periods of allowances due to regular unemployment, with the normal insurance period, which is a necessary condition for the right to a pension.

The importance of this measure is obvious if one takes into consideration the fact that it is possible that a right to a pension can be lost simply because a single day's salary has been omitted.

The protection of old people who received a reduced pension is now enlarged. It is stipulated that they too will be eligible to receive the minimum pension under the law, i.e., upon the completion of the 68th year.

In this way, this group of insured who, for special reasons, could not receive the minimum pensions (receiving, as a result, throughout their life, a sum inferior to minimum levels) now will receive fair treatment.

The protection of young people who are students has been extended through the prolongation of the qualifying period of 24 years instead of 18 years which had been the case up to now. In this way, students will be given financial support for the completion of their studies.

The present bill puts an end to a period of uncertainty as far as the essential interests of working people are concerned. The bill, in accordance with the fundamental principle of social security that insurance should coincide with the nature of the work, stipulates that double insurance is possible in cases of double employment.

A special provision of the bill is the maternity measures taken by the Ministry of Social Services: the clause according to which the amount of childbirth allowances will be equivalent to thirty daily wages of unskilled workers plus hospital and treatment fees in the case of irregular development during childbirth.

B&F: Weren't a good deal of changes made to the existing social security structure?

Apostolatos: For the completion of the project I considered as necessary a series of amendments the most important of which are in my view:

The Dynamic Calculation of Pensions

The dynamic calculation of pensions will be based on the readjustment of the average salaries of the last two years. In other words, the pensions will be increased at the same time by the same rate stipulated by the collective agreements based on the salary levels on the last two years. This is an arrangement which will further improve the paid pensions.

General Proclamation

By virtue of this amendment, all main insurance funds whose contributions are at least equal to the contributions to the respective insurance branches of IKA should pay to their members as a minimum the same pensions as those paid by IKA and under the same circumstances.

I believe that this general proclamation, which has been accepted as a new benefit for the working people of the country, will persuade those insured with minor funds that the continuation of the existence of such funds is inadmissible, especially in view of the fact that the recipients are getting lower pensions than those paid out by the National Social Security Institution,

Codification of IKA Legislation

By this amendment the codification of IKA legislation has been introduced. The codification of IKA legislation into a single and simple text will greatly help the insured, the employers, IKA employees and all those having any dealings with IKA.

Improvements in Favor of Construction Workers

This amendment modifies and completes Law 629/77. This law establishes the possibility of recognition by IKA of the pensionable time of those construction workers working in buildings and other works, for which time respective insurance stamps had not been bought until now.

Pensions paid by almost all insurance organizations, in the framework of regulations set by the Prices and Incomes Committee, have been increased.

The procedure was completed, with the aim of reorganizing the following main insurance institutions:

- a) Medical Personnel Pension and Self-Insurance Fund [TSAY],
- b) Public Works Engineers Pension Fund [TSMED],
- c) Greek Professions and Handicraft Insurance Fund [TEVE],
- d) Motorists Pension Fund [TSA],

Provisions pertaining to the reorganization of the Farm Insurance Organization (OGA) were duly drawn up; most of them have already been voted upon.

Jobs connected with insurance organizations have been submitted for computer processing.

The negotiations for the conclusion of bilateral conventions on Social Security have entered the final phase with Austria and Norway.

We have started negotiations with Romania, Czechoslovakia, Poland, Russia and Bulgaria for the same purpose. With regard to the latter country, we have already signed an agreement for the transfer of the pensions of repatriated Greeks.

BaF: Exactly how are the various Greek social security systems financed?

Apostolatos: The main characteristic of the Greek Social Security System is that except for the case of OGA, the schemes are not financed from direct taxation related to income. The state contribution is based on general taxation revenues and is distributed to each social insurance organisation or to individual social security branches. The organisations are mainly financed by contributions from employees and from the self-employed individuals.

Certain social insurance organisations derive their resources primarily from the state, either directly as a given amount contribution from the state budget, or indirectly in the form of social resources. State contributions are therefore based on general taxation revenues and not on a special tax earmarked for social security; of course, there are special kinds of tax for IKA such as the tax on tobacco--in fact the revenue from such taxes represents an insignificant percentage of the general receipts.

More specifically; employees' contributions are calculated as a percentage of their overall earnings according to each branch of social security as follows:

Old-age pension	2%	to	10.25%
Supplementary pension	2%	to	9 %
Sickness	2%	to	4.5 %
Lump-sum benefit	0.4%	to	6 %

The contribution of self-employed individuals is calculated at a fixed amount for each risk in accordance with the category to which such persons belong.

Employers' contributions are calculated as a percentage of the employees' overall earnings according to the following percentages:

Old-age pension	5.75%	to	22 %
Supplementary pension	2 %	to	9 %
Sickness	4 %	to	12.5%
Lump-sum benefit	0.4%	to	6 %

The financing of the Farm Insurance Organisation is mainly based on general taxation. Farmers, both self-employed and paid employees, pay no contributory or other direct social contributions for the social insurance provided to them by OGA (in the way that urban based employees pay for IKA's social protection). OGA's receipts (and therefore expenditures) derive from contributions; more specifically, from the special contribution of producers (4 percent on agricultural products sold) and from contributions by the state.

B&F: What developments do you see arising in the social welfare sector in the near future?

Apostolatos: The goals for 1979 can be outlined as follows:

--the generalisation of Auxiliary Insurance.

--a pension to be granted to all "over-age" persons after age 65 not covered by any social security system.

--insurance for all Greek citizens and persons of Greek origin employed abroad.

--reorganisation of the institution of "Auxiliary Insurance" within the framework of the 5-year Economic Development Plan.

--the re-shaping of the 5-year Economic Development Plan.

--the abolition of the "social funds" in stages.

--the creation of a single agency for the collection of income realised by organisations.

Abroad

--Bilateral agreements to be signed with new countries and those of the above-mentioned countries with which the relevant negotiations are in progress.

--England, Canada, United States, Australia, Argentina and Saudi Arabia were duly sounded in order to have bilateral agreements signed with these countries.

CSO: 4920

SURVEY REPORTS ON IRRIGATION METHODS, EQUIPMENT MARKET

Athens BUSINESS & FINANCE in English 9 Jun 79 pp 13-19

[Text]

THERE are three main irrigation systems currently applied in Greek agriculture. Firstly is the use of the flow of surface water which is the oldest method employed. The irrigation network in this case is usually operated as a public project and consists of main canals, which transport water from the source (a river or a dam) to the irrigated fields, and of secondary distribution canals or ditches. The more modern networks of this type are concrete-lined or prefabricated trestle flumes. The water is either carried to the actual irrigation spot by gravity, through portable pipes and siphons, or by pumping and channelling to the furrows in the field.

A second irrigation method currently in operation involves the use of a power source (tractor plus pump) to enable the development of sprinkler irrigation to a pipe network through the fields, vertical pipe outlets are fitted with rotary sprinklers. The range of sprinklers used is wide with small ones employed to cater for an area of 12 to 14 metre radius, medium-sized ones for a 25 to 35 metre radius, and the largest ones reaching 60 to 70 metres (popularly called "canons" by Greek farmers). The choice of a certain size of sprinkler is a function of the amount of water available, of the distribution pipe diameter, and of the size of the

irrigated field. In terms of economic use, it is claimed that the bigger the sprinkler, the more economical the irrigation in both fuel and labour. Although a long range sprinkler may require a more powerful pump, benefits from the larger irrigated area from a single spot and savings in the amount of labour needed to move the pipes through the field (and in fuel for the tractor and pump) means greater efficiency for the more powerful unit. Pipes used for sprinkler irrigation are predominantly metallic iron or aluminum which compete in the market with similar plastic products.

The third irrigation method constitutes modern developments in the field of localized irrigation, namely sprayers and drip irrigation. Water is distributed at a slow and continuous rate to the roots of the plants or trees from permanent plastic pipes spread along the rows of crops. The outlets may be either drippers or sprayers, i.e. mini-sprinklers with a maximum range of 2 metres. The pipes used in localized irrigation are 90 percent plastic.

Production

The market for irrigation pipes both iron, and plastic, is wholly covered by domestic production. There are

four units manufacturing iron pipes and one unit for aluminum pipes. Irrigation pipes form only a part of the output of companies concerned who also manufacture pipes for a wide variety of uses. Greek technology in this area compares well with international standards, while prices (as reflected by international tenders to the Ministry of Agriculture) are lower by some 20 percent compared to foreign suppliers. Half of Greek production is in fact exported to foreign markets, mainly to Libya and Arabian countries.

Plastic (PVC) pipes are manufactured by about 5 units and polyethylene pipes by about 15 units. Domestic production also supplies the plastic fittings for the irrigation pipes. Usually the pipe units manufacture the pipe fittings themselves, while some cottage-type industries use their own injectors for the production of plastic fittings. Only a small percentage of fittings is imported. The iron head accessories used in drip irrigation units, however, are imported with 80 percent or more of them coming from Israel, which has developed high technology in irrigation systems combining the most economical and most efficient use of spare water resources. All of the Greek plastic pipes units have developed their own technology with the Petzetakis Corporation (Heliflex) being in the top echelon.

Plastic pipe production is carried out by one of the most prominent sectors of Greek manufacturing and is renowned internationally. International companies like Dunlop, Goodyear and Pirelli produce various plastic pipes especially from hard PVC under Greek license.

Pumps used for irrigation purposes are also usually of domestic origin. Manufacturing units are smaller and more numerous than in the pipe sector. The greatest part of production is consumed locally, with exports not being on a significant level.

Demand

Galvanized iron pipes, and more recently aluminum ones, have been preferred up to now in Greece for sprinkler irrigation purposes, their disadvantage in early days being the ageing of the plastic material brought about mainly by sun radiation. Developments in plastic technology, however, produced polyvinyl chloride however, (PVC) which soon proved its long life and durability in the field. Plastic PVC pipes, having a low price relative to their high mechanical endurance, can help the farmer improve irrigation systems extensively and have therefore enjoyed a steadily increasing demand.

Localized methods of irrigation, namely drip and sprayer irrigation, which depend solely upon the use of plastic pipes (mostly of polyethylene) are expanding rapidly, increasing the demand for polyethylene (PE) pipes at the same rate.

A few years ago a more automated device was introduced to Greece. This new irrigator is a mobile machine consisting of a reel holding up to 300 metres of long plastic pipe. The irrigator has a sprayer with a 35 to 50 metres spraying range and can irrigate up to 6 hectares from a single position or rather line of operation. The bodies of the machines are imported to Greece, while the plastic pipe is usually supplied by the domestic market. Naturally enough the pipe again must be flexible plastic only and it is usually either PE or flexible PVC hose.

The irrigator is not currently being used extensively in Greece. It has a rather high cost (around 500,000 drs) and it also has a high fuel consumption. As such it is suitable for both land extensive and capital intensive cultivations e.g cotton, sugar beet, tobacco etc.

Overview of irrigation in Greece

The area under irrigation in Greece has increased significantly since 1925

when the first attempts at land reclamation were undertaken by the state. The average annual rate of increase has been 25,000 ha of irrigated land — or 27,000 ha during 1956-66 and 24,000 ha during 1966-76.

As of 1959, a series of 5-year plans for land improvement have been introduced by the government, with the increase of irrigated area being the main objective.

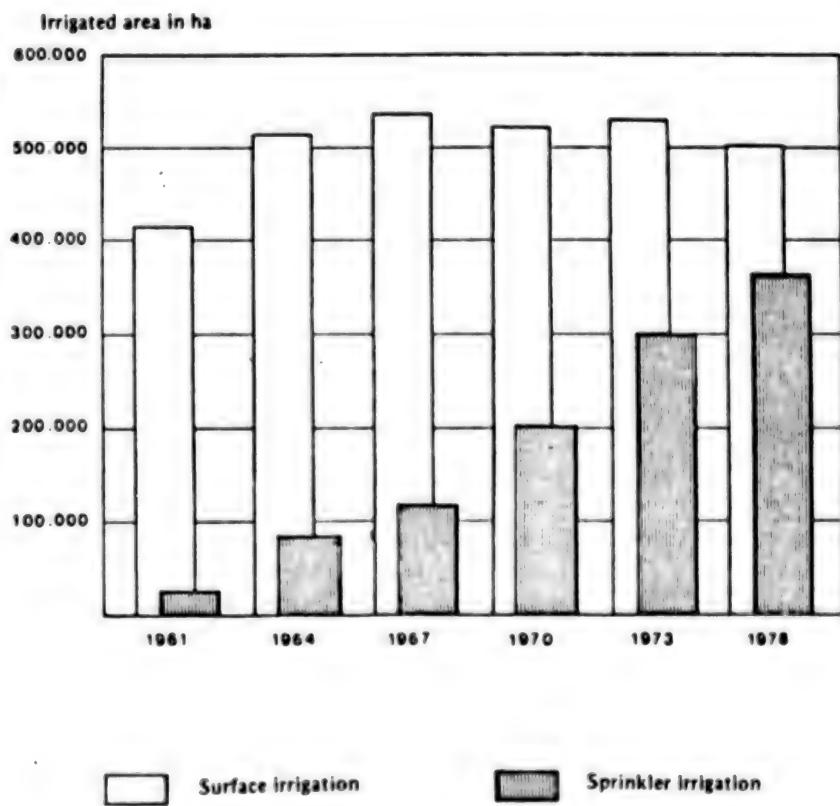
Below we give highlights of the present situation in Greece and the prospects for irrigation expansion in the country.

The information is taken from a report prepared by the Ministry of Agriculture and the Hellenic Committee of Irrigation and Drainage:

'The irrigation networks constructed before the year 1959 are generally inferior, from a technical point of view, to those constructed after that date. Prior to 1959 the

idea prevailed that it should be sufficient to construct chiefly canals on the land surface for the conveyance of water from the supply source to the fields. All other matters, i.e. water distribution canals, small technical structures on the canals, land levelling and land forming, etc. were problems which concerned solely the interested farmers. Thus, the irrigation networks constructed before 1959—a great number of which have subsequently been improved—consisted primarily of disorderly arranged canals (most of which were unlined), whose tracing followed the boundaries of the land properties to be irrigated. The consequences of such a manner of constructing the networks were: waste of irrigation water; low irrigation efficiency; small percentage of irrigated lands; high operation and maintenance cost and a quick deterioration of the constructed networks.

CHANGING METHODS OF IRRIGATION



The irrigation projects constructed during the decade 1960 to 1969 have been studied on a quite different basis. Almost all of them consist of canals which are concrete lined and which are generally classified in three categories: primary, secondary and tertiary. The layout of the tertiary canals (forming the distribution networks) is such that they are parallel the one to the other and equidistant the one from the other. Such a layout is obtained by neglecting, during the tracing of the network, the existing boundaries of the land properties. Such a procedure has the result of a compulsory land consolidation and such consolidation has, in turn, the result that each agricultural property takes finally the shape of a rectangle whose one side coincides with the tertiary canal from where water is supplied, while the opposite side coincides with the corresponding drainage tertiary channel.

"During the same period 1960-1969 government services started studying the construction of collective sprinkler irrigation networks with water distribution "on demand", according to the system which is being applied in Southern France. However, the construction of such projects has been considerably delayed and it was only in 1969 that two small collective sprinkler irrigation networks (at Litochoro and at Polder Messolonghi) started operating for the first time in an area of 750 ha.

"The construction, on a large scale, of collective sprinkler irrigation networks started in 1970 in the districts of Acheloos, Ioannina, Alfiros, Kavasila (Thessaloniki) and Mesara (Crete). Up to the year 1976, sprinkler irrigation networks had been constructed over a total area of 39,800 ha., while additional networks, covering a surface of over 100,000 ha., were in the stage of construction or planning. Sprinkler irrigation was applied in Greece even before the year 1970, but only in the cases of private individual land properties.

Current situation

"Both the State and the beneficiaries are dealing with the construction of

land improvement projects. The impressive increase of irrigated land after the second world war was due, to a great extent, to private (individual or collective) irrigation schemes which were generally constructed with the financial aid of the State and of the Agricultural Bank, especially in places where the Government had ensured the necessary infrastructure with the performance of flood protection, drainage and other works.

"The Government has the initiative and the responsibility for performing the planning, design and construction of land improvement projects of direct public interest (class A and B), as well as for financing these projects with governmental funds without any obligation at all, on the part of benefiting farmers, to participate in the expenditure.

"The maintenance and operation of land improvement projects is, in principle, the obligation and the responsibility of benefiting farmers, except in the case of major technical projects (as for instance storage dams) and of flood protection works, whose maintenance and operation is the responsibility of the Government.

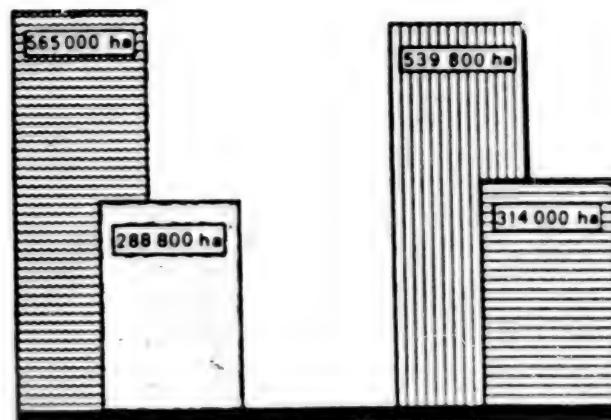
"The Government has no direct interference at all in the manner in which the agro-economic exploitation of land improvement projects is made. Its activities are confined to granting the necessary economic aid, in the form of premiums, loans or other allowances to the farmers for the promotion of some specific crops or activities, as well as to granting technical assistance in the form of advices or instructions."

Irrigation figures

Total irrigated area approximated 900,000 hectares in 1977, or 25 percent of total cultivated area in Greece. Government collective irrigation projects account for 28 percent while private irrigation projects take up the rest of cultivated and irrigated area.

Water used for irrigation comes 66 percent from surface water and 34 percent from underground aquifers. Nearly all surface waters (90 percent) originate from rivers and summer runoff and only 10 percent from natural or artificial lakes. At the same time some

**TYPE OF IRRIGATION METHODS IN USE (1977)
AND AREAS COVERED**



Irrigation by surface water



Irrigation by pumping



Irrigation by ground water



Irrigation by gravity

37 percent of the total irrigation water comes from natural inflow and 63 percent from pumping.

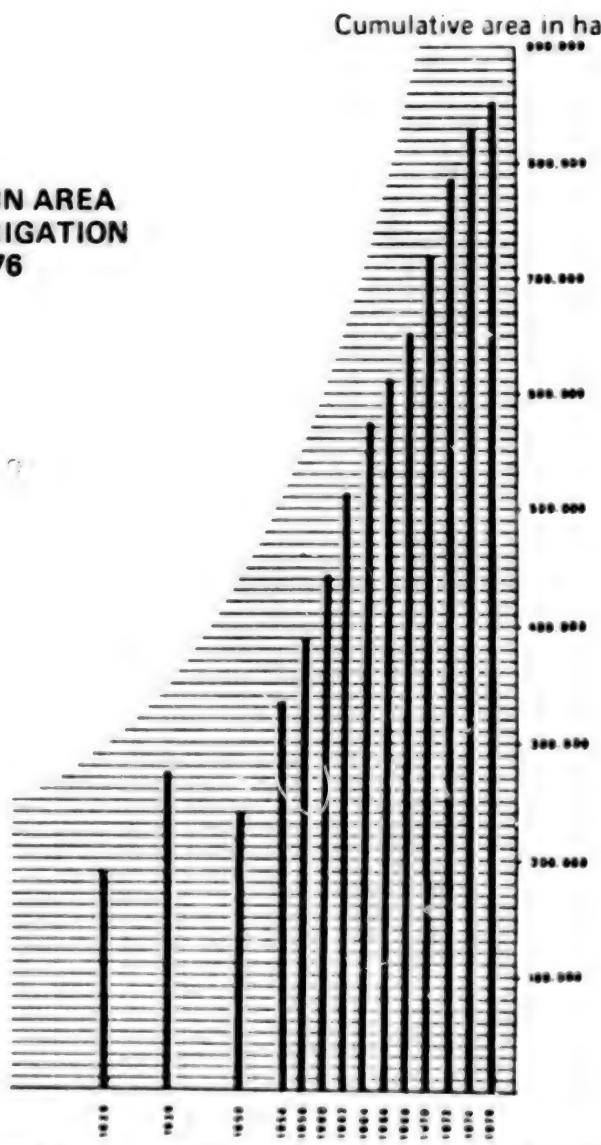
Of the total irrigated area, about 500,000 hectares (or 60 percent) is irrigated by surface flow irrigation by means of borders, furrows or flooding. On the rest of the area, sprinkler or localised methods are applied.

The most important crops farmed

in public irrigation projects are the following (1976 figures):

tilled crops	52%
alfalfa	17%
fruit trees	14%
vegetables	10%
olive trees	4%
vineyards	2%
miscellaneous	1%

**INCREASE IN AREA
UNDER IRRIGATION
1929 TO 1976**



Total area under irrigation has increased considerably during the two last decades. The average annual increase was 27,000 ha for the decade 1956-1966 and 24,000 ha for the decade 1966-1976.

Irrigation projects

Of the three traditional irrigation methods (surface irrigation, sub-irrigation and sprinkler irrigation) the surface irrigation is applied, as already reported, to 58 percent of the total irrigated area, while sprinkler irrigation is applied to the remaining 42 percent. Sub-irrigation is applied very scarcely, in special cases only.

During the last years new irrigation methods (drip irrigation, etc.) started progressively being applied at a relatively quick rate, especially in orchards.

The main characteristics of modern governmental surface and sprinkler irrigation projects as specified in the report mentioned above are the following:

Surface irrigation projects

—Construction of integrated schemes comprising, in addition to infrastructure works, the networks which extend up to the boundaries of the farm holdings, the works for land levelling and smoothing and the works for compulsory land consolidation and reshaping with the project networks layout.

—Rectilinear and parallel arrangement of the canals of irrigation networks, concrete lined or prefabricated and having a semi-circular or parabolic cross-section (trestle-flumes), with a corresponding arrangement of the drainage ditches and of the roads of rural communication.

—Equipment of irrigation networks with devices ensuring automatic regulation of water level and with siphons ensuring the diversion of irrigation water from the tertiary canals to the fields.

—Application of irrigation modules (continuous flow) as follows: 1 l/sec/ha. for the primary canals, 1.5 l/sec/ha. for the secondary and 2 l/sec/ha. for the tertiary.

Sprinkler irrigation projects

—Construction of integrated irrigation networks combining the conveyance of water under pressure through underground pipelines, its distribution

to the farmers "on demand", the volumetric water charging and the application of water by sprinkler irrigation.

—The application of sprinkler irrigation under low pressure (2·25 kg/cm²) by rotary sprinklers installed on portable pipings.

—Equipment of irrigation networks with special vertical hydrants equipped with water meters, pressure regulator and discharge rate regulating valves and devices for the automatic operation and control of the pumping units.

Prospects for the future

Based on relative estimates, the report states that governmental services believe that irrigated land in Greece can be increased to a total of 1,600,000 ha., thereby covering 42 percent of the whole cultivated area.

The total quantity of water that will be required to meet the requirements of the total area is estimated to be 7,550 million cubic meters per year, the report continues. For the determination of the above value the irrigation efficiency was taken as 80 percent, which is expected to be obtained in the future by the application of improved irrigation methods and a better use and management of irrigation water.

"In order to make this quantity available" the report maintains, "it will be necessary to draw up and implement a plan for a full mobilisation of all water supply sources in Greece, taking also into account the non agricultural needs and bearing in mind that the period of agricultural water requirements lasts

only a few months in a year, i.e. from May up to September, and coincides with the rivers and springs minimum discharge rates during that period. Besides, in many cases, the distribution of water needs throughout Greece does not coincide with that of the sources of supply. It is only the construction of storage dams and the increase of exploitable ground water potential that may secure the necessary water resources for the expected expansion of irrigation.

Improvement of irrigation technique

"In view of the expected significant increase of irrigated areas in the future and of the concomitant reduction of active agricultural population, the problem of the right and economical use of irrigation water and of human work will become more acute. Already now, the relative efforts are directed to the improvement of irrigation methods and to the elaboration of irrigation programmes drawn upon the basis of regional requirements.

"The progress that took place during the last 15 years in irrigation technique is important, but it does not respond to all the actual needs. A possible substantial improvement in irrigation methods might be reached by the "new methods" (drip irrigation, etc.). These methods have already been sufficiently spread over among farmers and there is a net tendency for their further expansion. The main reasons for the interest in these methods are economy in water, possibility of using low water discharges and automation of irrigation to a great extent, resulting in a decrease of necessary labour and expense.

"On the other hand, local irrigation programmes are expected to play a considerable role in the future for the right use of irrigation water, aiming finally at increasing the yields of crops

and reducing irrigation cost. The elaboration of such programmes requires the complete knowledge of the complex system crop-soil-water atmosphere for each irrigation region, so that water may be given in convenient quantities when exactly needed, and on the basis of scientific and experimental research data, instead of the traditional or arbitrary rules.

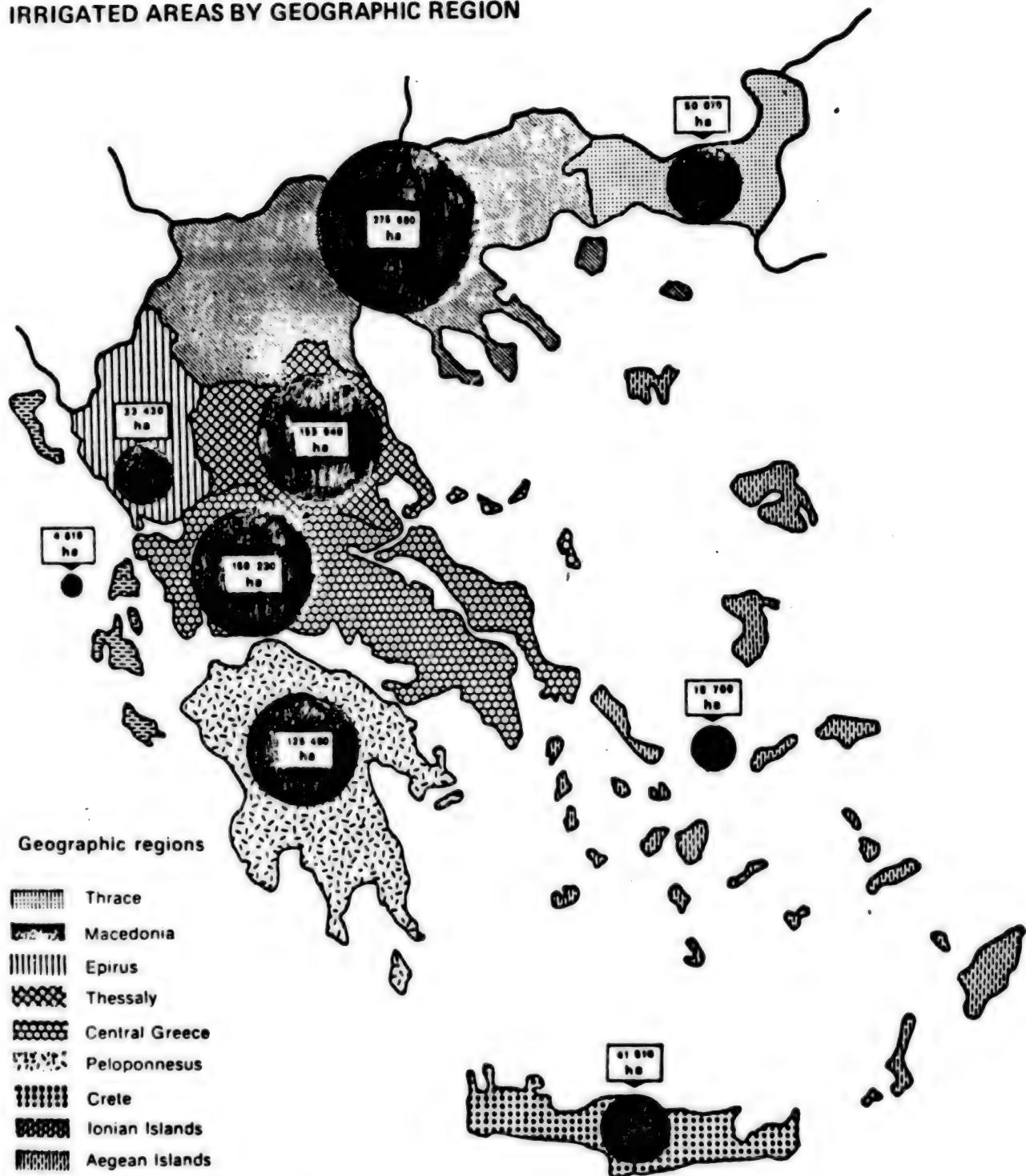
"The change from dry farming to irrigated will create serious problems. The most uncertain fields are the selection of the right methods of application of irrigation water and the determination of the crops water requirements under prevailing soil and climate conditions. Viewed under that prism, the efforts which have so far been made in Greece for the rational and economical use of irrigation water are far from being considered as completed and there still exists an imperative need for more systematic research and experimental work to be carried out in order to achieve the expected results."

Localized irrigation

Drip and sprayer irrigation has been applied largely as a result of private initiative only. The main reasons for the popularity of the new technique in Greece are:

- a) Water saving: reaching 50 to 60 percent of the amount needed for surface (furrow) irrigation and 25 percent for sprinkler irrigation. Economical use of

IRRIGATED AREAS BY GEOGRAPHIC REGION



water is of primary importance for many areas of Central and Southern Greece and the Islands which are lacking in sufficient water resources.

- b) Wages saving: arising from the permanent placement of the pipe network. Labour is only required for a periodical check of the state of the network. Also the dry ground section between the plant rows does not allow weeds to grow and therefore less labour is employed for weeding.
- c) Productivity is increased by 40 percent in fruit trees and 30 to 70 percent in tomato, strawberries and other orchard type crops. Another interesting result of localized irrigation is an earlier crop by 1 to 3 weeks, accounted for by the dry state of a large part of the field during irrigation.
- d) Using the new method, farmers can exploit profitably mountainous fields which cover a large part of farming land in Greece.

Sprayers are more popular than drippers today in Greece. The ones used give 30 to 80 lit/hour, have a 1.2 - 2 m. range and turn through 180 degrees. The sprayer pipes are found on the tree trunks, about 40 cm above ground level so the weeds under the tree do not prevent water spraying.

In drip irrigation the usual drippers give between 4 to 7 lit/hour of water and normally can be easily replaced if blocked. Blocking of the drippers from salts and small organisms was often the cause for the substitution of initial dripper installation with sprayers. Recently however, filters and sophisticated self-cleaning drippers have reversed this trend.

It has been estimated that a total area of 8,040 hectares (i.e. less than 1 percent of total irrigated area) was irrigated in 1977 using these new

methods. Some 90 percent of the area grows fruit and olive trees and vines and 10 percent grows hot house crops, principally strawberries.

In the Argolis region of Peloponnesus (summer fruit growers) the market for localized irrigation equipment is almost satiated. Expansion is rapid, having an annual rate of 30 percent in the last three years. Locally irrigated area is estimated to reach a total of 16,000 to 20,000 hectares in the next three years. Installation costs are roughly the same for both variations of localized irrigation. Average cost is 100,000 drachmas per hectare of tree plantations 6 metre by 6 metre, 120,000 drachmas per hectare of vineyards, 150,000 drachmas in strawberries and 400,000 drachmas in hot-houses using the most sophisticated systems.

Lately the trend of expansion in localized irrigation has also been observed in areas with no serious water resource problems. The reasons for this are the general advantages in wages, in the rise of production, early crop, good crop quality and smaller rate of plant disease. Even cultivations which have never been irrigated in Greece, as is the case with almond trees, are now using localized irrigation.

The climatic condition and the sort of agricultural production in Greece generally promise a very rapid expansion of modern irrigation and consequently of the equipment market in the near future.

The climatic conditions and the sort of agricultural production in Greece generally promise a very rapid expansion of modern irrigation methods in the country and consequently of the equipment market.

Distribution of localized irrigation by district (1977)

	Area (ha)	Drippers %	Sprayers %
Peloponnese, W. Central Greece	5,600	10	90
Central Greece - Islands	1,200	17	83
Crete	900	24	76
Macedonia-Thrace	220	95	5
Thessaly	120	50	50
Greece	8,040	15.4	84.6

BRIEFS

SUBSIDY REVIEW COMMITTEE--The Government has appointed a committee to look into productive and export incentives in general which are granted out of public funds. These can be either incentives provided to stimulate industrial development or they can be export subsidies, or special low interest rates, etc. The examination of all such subsidies and incentives (which can also include tax rebates or exemptions) will be carried out with particular reference to their relationship to Articles 92, 93 and 94 of the Treaty of Rome. It is desired to ascertain which, if any, of the incentives provided by the Greek Government contravene the articles in question and may have to be discontinued or modified, with effect from the 1st of January, 1981. (Editor's comment: The kind of arrangements likely to be affected are those which derive from such rules and legislation as Currency Committee Decision No 1574, Law 2687 and 4171, etc.). There may also have to be re-examination of the practice whereby the Economic Council of Ministers and sometimes individual ministries can grant seasonal subsidies, at irregular intervals according to what crop surpluses there may be to exporters of various farm products (e.g., at this present moment, exporters of potatoes are being paid a Drs 3 per kilo subsidy. By a similar decision, taken by the Economic Council of Ministers last week, a Drs 22 per kilo subsidy is payable up to 30th November, 1979 to exporters of eggs and for a maximum quantity of 400 tons). [Text] [Athens HELLENEWS-EXPRESS in English 28 Jun 79 p 2]

INDUSTRIAL OUTPUT MOMENTUM--The National Statistical Service has published figures on industrial production in Greece for the first quarter of this year. They show an overall increase of 6.7%. Last year, during the same quarter, the increase in industrial output had been 6.6%. By itself, March production was only 3.2% better than March 1978. (Editor's Note: HELLENEWS has tried repeatedly to obtain a cut and dried formula of the precise basis on which this percentage is calculated, i.e., is it the value of industrial output and, if so, is it at constant or current prices? Or, is it based purely on volume? The answer has been that it is a form of combination of the two factors but that the combination remains unchanged.) Output of electricity, towngas and mining had the best performance to show. Where mining was concerned, there had been gains in magnesite, mixed sulphurous ores and barytes with losses in bauxite, ferrous-nickel ores, lignite and quarry products for building materials. [Text] [Athens HELLENEWS-EXPRESS in English 28 Jun 79 p 3]

GREEK-BULGARIAN TRADE EXPANSION--Greece is participating in this year's International Trade Fair at Plovdiv in Bulgaria and the event has given occasion for a review of present economic relations between the two countries. Trade in 1978 attained a value of \$142 million and in the first half of 1979 has already jumped to \$130 million. It is still conducted under the bilateral barter system. The Bulgarian side has stated its readiness to switch over to transactions in free convertible currency at any moment. With the unfortunate experience from such a switch in the cases of the USSR and Yugoslavia before them, competent Greek quarters are in less of a hurry to repeat the experiment this time with Bulgaria but, sooner or later, as Greece's accession to the EEC takes effect, some new arrangement with Bulgaria will have to be made. [Text] [Athens HELLENEWS-EXPRESS in English 28 Jun 79 p 5]

GREEK-JAPANESE COOPERATION COMMITTEE--The joint Greek-Japanese Committee of Cooperation will be holding its first session in Athens from 6th to 10th July 1979. A mission of 20 delegates from Japanese Chambers of Commerce will come to Athens for the occasion, headed by Mr. R. Sejia, counsellor to the chairman of the Tokyo Chamber of Commerce. The mission will be received by the prime minister, the ministers of coordination, commerce and of industry, and will also meet bankers and those in charge of major corporations. [Text] [Athens HELLENEWS-EXPRESS in English 28 Jun 79 p 6]

AMMONIA FROM BRAZILIAN COAL--AEVAL s.a. (Ptolemais Nitrogenous Fertilizer) and PETROBRAS (of Brazil) have signed an agreement for trial production of ammonia at Ptolemais with coal to be imported from Brazil. The AEVAL installation will be utilized for a period of four weeks during which a trial consignment of 5,000 tons of Brazilian coal will be processed from which it is expected to produce about 2,500 tons of ammonia. AEVAL will be compensated for the use of its factory by a free gift of 4,800 tons of ammonium nitrate and DM 1,000,000 in cash. [Text] [Athens HELLENEWS-EXPRESS in English 28 Jun 79 p 6]

SOVIET SEA CRAFT--Ceres Shipping Co. (belonging to the G. Livanos Group) have been operating Soviet-built Kometa hydrofoil craft on certain Greek coastal lines. The firm has recently acquired its 10th vessel in this class, and its manager, K. Khatziandoniou, is off to the U.S.S.R. in connection with two more, which are on order. At the present moment they operate services in the sheltered waters of the eastern Peloponnisos to Pythira in the straits between Cape Matapan and Crete (where they will face open seas for a short stretch). This month, Ceres will be carrying their 1,500,000th hydrofoil passenger. [Text] [Athens HELLENEWS-EXPRESS in English 28 Jun 79 pp 8, 9]

GREEK-FINNISH TAXATION AGREEMENT--The Greek Ministry of Finance has announced that the first round of negotiations between Greece and Finland on the avoidance of double taxation have been completed. Negotiations were carried

out on the basis of a schedule agreement prepared by the OECD for the convenience of member countries. Following instruction from Minister of Finance Mr. Kanellopoulos, the Greek side succeeded in obtaining the following improvements: a. Shipbuilding units obtain permanent residence and therefore they are taxed in Greece after a period of 6 months and not 12 months provided in OECD schedule. b. Taxation of shipping profits is effected on the basis of the Registry of the ship. c. The dues are taxable both in the country of the residence of the beneficiary and the country in which they are accrued, at a maximum rate of 10 percent. Negotiations will be resumed later, probably in September of this year. [Text]

[Athens BUSINESS & FINANCE in English 9 Jun 79 p 6]

ALBANIA TRADE UP--Greek-Albanian trade transactions have marked an upward trend so far this year and on the basis of contracts, some \$30 million in trade transactions had been effected through the clearing account system against \$33.5 million provided with \$22 million in the whole last year. According to reliable information, there have been contracts concluded for 1979 amounting to \$13 million for exports of Greek products to Albania and \$18 million for imports of Albanian products to Greece. Meanwhile, it has been reported that the Albanians are interested in obtaining Greek trucks for the transportation of goods to be exported to Greece. [Text]

[Athens BUSINESS & FINANCE in English 23 Jun 79 p 3]

AIR TRANSPORT FUEL SHORTAGES--Olympic Airways, Greece's national carrier, reported last week that, due to fuel shortages, the airline had been forced to cancel certain flights and had taken two planes out of circulation due to their heavy fuel consumption. OA's complete dependence on foreign oil companies for the supply of fuel (kerosine) requirements meant that the airline was particularly hard hit by the shortages of supply. Greek press sources pointed out that if production of kerosine by Greek refineries were made available to OA, the airline would not have been so greatly effected by the restrictions of foreign oil companies. Thus, Olympic has decided, as a first step, to cancel flights on 18 routes, most of which are foreign schedules, while at the same time two Boeing 720 planes, which have a heavy fuel consumption, have been withdrawn from circulation. The decision will no doubt cause many difficulties for the company, the main one being what to do with the surplus of personnel following the cuts. [Text]

[Athens BUSINESS & FINANCE in English 23 Jun 79 p 4]

CSO: 4920

NORDLI GOVERNMENT MUST STEER CAREFUL PRE-ELECTION COURSE

Oslo AFTENPOSTEN in Norwegian 9 Jun 79 p 3

[Commentary by Egil Sundar: "Wear and Tear is a Problem for the Nordli Government"]

[Text] Today the king conducts the formal dissolving of a parliament which has been particularly plagued by problems associated with the fact that the country has a minority government. Not the least has the prime minister himself felt what this difficult parliamentary condition means in terms of wear and tear--both for the government itself and especially for the cabinet ministers who have stood in the front lines of the political battle.

As must every minority government, the Nordli administration often has to sail forth in uncharted political waters in order to obtain the necessary majority for its projects in parliament. After the parliamentary elections in 1973 and 1977 there was no parliamentary basis for a majority government. During this entire time the socialist parties together had a majority for a mandate in the parliament, first 62 A [Labor Party] + 16 SV [Socialist Party of the Left] and in the current period 76 A + 2 SV. Realistically, therefore, there is no basis for any government other than the Labor Party. We will remain in this condition until the parliamentary elections of September 1981, when the voters again will have the opportunity to give the parliament a non-socialist majority and a corresponding government. The last election was rightfully labeled a disaster, and the decisive proof of strength 2 years later made it even more so. Political developments confirmed it.

Meanwhile Prime Minister Odvar Nordli had to continue his political voyage, which is strenuous enough in shifting and gusty winds, but intolerably nerve-racking when the winds from the conservatives continue more or less constantly as they have for a rather long time. And even though the conservative winds have abated, according to reports from different opinion measuring firms, and for the first time in a long time one can confirm that the Labor Party is coming back, one can also be certain that the Nordli government is in the minority and must seek support from one issue to the next, sometimes from the right and sometimes from the left.

Theoretically the government can be voted down at any time with a decisive vote in parliament, and there was danger of this during the final handling of the Tandberg affair, when SV came to the rescue of the Labor Party. In a situation where the government asked for parliament's confidence after one of the largest industrial scandals in recent time, the SV representatives fell flat after literally drowning out the parliament with criticism of the government's conduct. Against this background, it is totally unrealistic for the party to proclaim itself the winner in the political showdown over Tandberg.

SV's proposal, which according to its own announcement forced the government and the Labor Party to their knees, contained a request to the government to arrange to continue the operation of Tandberg Industries. Everyone in the parliament could associate himself with the intentions of this proposal, because everyone wanted the jobs at Tandberg to remain open. But a proposal of this kind is really without political substance if the necessary appropriations are not simultaneously guaranteed. No one can know what a successor parliament will do. Against this background SV's proposal was an expression of opinion, no more and no less, and as such should have been passed to the government without a vote on its substance. But--if the Labor Party could satisfy SV by voting for an expression of opinion with which they all agreed, it was a small price to pay for retaining the majority.

There is some speculation that this episode foreshadows closer cooperation between the Labor Party and SV, and that the Labor Party will base its policies on cooperation with the left. In that case the government's existence will be secure until the parliamentary elections of 1981. In a speech at Stord the chairman of AUF [Young Laborites], Torbjorn Jagland said the following, "If SV's appearance in the Tandberg debate in parliament is a sign that the party will conduct a constructive policy aiming to advance practical solutions without permitting the government to be the main obstacle, this will bring about an entirely new situation in the country."

The thought of the "red cabinet" arises here, and from a non-socialist viewpoint a decision in that direction will be regarded as an active and welcome contribution to a bourgeois election victory in 1981. But not only that: in addition to a large election victory, the Labor Party will be compromised for a long time to come.

If Jagland had listened more carefully to what Labor Party Chairman Reiulf Steen said at AFU's congress in March, he would wisely have avoided coming up with this invitation to cooperation with SV. Steen recalled the old truth that the farthest left--in practice-- always gave strength to the conservative forces. Steen said, "When the wind blows from the AKP(m-l) [Workers Communist Party (Marxist-Leninist)] it is the Conservative Party which fills its sails." The Labor Party chairman should have included the SV in the same connection, because experience in Norwegian politics in recent years confirms that increased influence for the powers of the socialist left automatically releases strong counter reactions and that such swings of the pendulum usually adversely affect the Labor Party.

From this one can safely conclude that SV will continue to play its self-centered role without having any effect on political reality up until the parliamentary election of 1981. Of course the government in office will continue to feel the wear and tear, but any "new situation" such as described by Jagland will presumably be declined with thanks by the prime minister and the party chairman.

And since any formalized cooperation between the Labor Party and one or another of the bourgeois parties seems precluded in the present situation, Prime Minister Nordli must seek support wherever he can find it--from one issue to the next.

9287
CSO: 3108

CUNHAL REASSERTS BACKING FOR UPCOMING INTERIM POLL

Lisbon DIARIO DE NOTICIAS in Portuguese 16 Jul 79 p 3 LD

[Unattributed report on Portuguese Communist Party (PCP) Secretary General Alvaro Cunhal 15 July speech at PCP festival in Belem, Lisbon: "It Would Be a Mistake for Socialists To Reject Caretaker Government"]

[Text] "It would be a mistake with dangerous consequences if the Socialist Party [PS] took the attitude of voting against a caretaker government which, because it fulfilled conditions acceptable to democracy, was also rejected by the reactionary parties." This was said yesterday by PCP Secretary General Alvaro Cunhal at a party rally in Belem. In a lengthy analysis of the present political situation Cunhal said that the crisis in fact began in 1977; he recalled the stances which the PCP has adopted since then and commented on the president of the republic's decisions, stating that "the interim elections which have just been announced are not the elections which the reactionary forces were calling for," since unconstitutional methods have not been considered.

The caretaker government and issues connected with it occupied a major part of Cunhal's speech. Stressing that "there are still some unclear points" in this context, the communist leader reasserted that the PCP declares itself "willing to contribute directly or indirectly to forming a caretaker government"; but the party's position on the new cabinet "will depend on the specific manner in which the characteristics and outline described" in the president of the republic's communique "are put into practice." "We will judge the caretaker government," he said, "not so much on the banners under which it presents itself but on the basis of the individuals comprising it, the policy it draws up and its political action."

"If it offers the maximum acceptable conditions, we will act to facilitate and not to hinder its formation, so that the dismissed and usurping Mota Pinto government can cease to function as soon as possible," Alvaro Cunhal said, after indicating the "dangerous consequences" of an unfavorable vote by the PS against a cabinet meeting those requirements.

With regard to the Assembly of the Republic, Cunhal asserted that the PCP will oppose "directly any possible attempts, in connection with the debate on the caretaker government, to create a conflict of roles among the ruling bodies and to seek by means of delaying tactics and subterfuges to prevent the dissolution of the Assembly and the subsequent holding of elections."

"Reaction Is Furious"

"The newly announced interim elections are not the elections called for by the reactionary forces," the PCP secretary general said, beginning his analysis of the conditions surrounding the elections. According to Cunhal, the president of the republic's communique, as far as the further elections are concerned, represents "a serious setback for the reactionary forces and an important step forward toward strengthening Portuguese democracy," since "reaction's demands for the use of unconstitutional methods have not been met."

"Reaction says it is pleased, but it is furious," the communist leader said. In Cunhal's opinion, the objectives of the Popular Democratic Party [PPD] [former name of Social Democratic Party], the Social Democratic Center Party [CDS], the Popular Monarchist Party [PPM] and the Party of Christian Democracy have not been achieved: "The elections which have been announced will be interim ones and not early ones; the electoral law is what it is and the Assembly of the Republic which is now to be elected cannot have the power to revise the constitution.... There will be no room for any referendum and the constitutional principles will govern the holding of the elections."

Rejecting the idea that "the elections constitute a danger to the democratic forces which they would not constitute if they were held in 1980," Alvaro Cunhal declared himself "doubtful that the PS could gain any more votes in 1980" than it could now "if a government were formed including the PSD disidents and if the predictable policy of capitalist recovery continued." He did stress, however, that "the important thing is not discussion in this respect. The important thing is to bear in mind that the results of the coming elections will have profound repercussions on the nation's political life and, this being the case, everyone who has defended the continuation of the Portugal of April [1974] must approach the coming elections as a major battle and must regard election victory as a major objective."

In this connection the PCP secretary general reasserted his party's three main objectives: to overthrow the PSD-CDS-PPM coalition by keeping it in a minority in the Sao Bento Palace; to achieve a majority by the democratic parties, "namely the PCP and the PS"; finally, to increase the number of communist votes and deputies. In connection with the second objective, Cunhal stressed that it is "important for the democratic system that the PS vote does not drop vertically and that in fact the PS and PCP maintain a numerical majority, even if this is not transformed into a political majority."

Also in connection with the coming election, the PCP leader drew attention to "the leftist groups," which are now "reemerging very actively," adding that "the reactionary and rightwing press is devoting a vast amount of space to the political relaunching of Otelo Saraiva de Carvalho, because it sees him as a competitor of the PCP."

"Crisis Began in 1977"

Before analyzing the current political situation's prospects of development --a caretaker government and an interim election--Alvaro Cunhal took stock of the current crisis, placing its origins in 1977 and recalling the stances which the PCP has adopted since that time.

"In fact," Cunhal said, "Portugal has been undergoing a government crisis since 1977--since the time when, with the legislative counterrevolution... the PS embarked openly upon the path of capitalist, landowner and imperialist recovery and of eliminating the democratic gains enshrined in the constitution." With that policy, the PCP leader continued, "We began to undergo a latent government crisis," as a result of its "incongruity with the new Portuguese reality created with the revolution" and the consequent "exacerbation of the Portuguese people's living conditions and of the nation's problems."

Comparing this interpretation with the present situation and the coming election, Alvaro Cunhal said that "any other government which is formed in the future and pursues the same policy will inevitably be doomed to failure and will also finally be ousted."

With respect to the PCP's stances, Cunhal recalled that in July 1977 his party cited holding an interim election as one of the solutions to the crisis--a proposal which was described by the "reactionary forces" as "a veritable coup."

"Now," Cunhal commented, "2 years later and only 1 year away from the 1980 election, when the drawbacks are greater than in 1977, some of those who were protesting against an interim election, citing democratic principles, are in agreement with holding one, citing petty party and class interest."

CSO: 3101

SOUZA FRANCO ANALYZES POLITICAL SITUATION

Lisbon DIARIO DE NOTICIAS in Portuguese 23 Jun 79 pp 3, 6

[Article by A.L. Sousa Franco: "A Retort, Among Various Other Things"]

[Excerpts] This Sunday, 17 June, national events--a national reality, resigned and sour, in spite of everything--inspire a certain reflection.

Point 1: "The PPD [Popular Democratic Party] Congress." Calmer than the preceding ones, it still had in common with them a certain rolling of heads, beginning with Menores Pimentel. It was a congress of unanimity or unicity (time will tell which); neither of them is true unity, made of pluralism and independence. The strategy still shows little that is new; only with regard to the president of the republic a turn-about with only too obvious objectives. In short, a positive balance, the more so as the blocking of solutions was more pronounced.

Next, perhaps, comes the "PPD-CDS [Popular Democratic Party-Social Democratic Center Party] accord." A clear alternative, to succeed in overcoming their differences, even to ensure a stable government--and not to flee through the back door of the minority character, or any other--to present Portugal with a real conservative alternative, with a Christian Democratic side and a predominantly nationalist side. (The rest are historical relics, and not even wings or currents of opinion; that is how my "Option" interview, with the modesty of analysis that I adopted, has been outstripped by the facts, and how! Two years have served to change the aspect of the PPD.) Will such an alternative, in spite of many points of difference, be truly acceptable for those who have chosen Christian Democratic centrism and come up with conservatism, or for those who have opted for a more or less liberal social democracy and in the end encounter an anti-socialist rightist nationalism? This accord will finally confirm those who made tactical choices between the parties ("where could I go to hide, in 1974, from the revolutionary tidal wave"), and will surely disillusion those who were moved by considerations of principle. There are no anti-socialist social democratic parties, but there are social democratic parties on the right. At the same time, the crisis of the extreme right makes the situation worse, for the antidemocratic right should have organized instead of trying to merge with the

democratic right, represented by the new bloc (if it is formed) with its configuration or to manipulate it.

Meanwhile, "manipulation of the press" has become obsessive. Let us go back to 1975. The thunder from the right and the thunder from the left sidetrack the mass media from the minimally informative and formative function that they ought to have. There are exceptions that prove the rule. The centers of counter-information and psychological action ought to be quieter or be more intelligent. The journalists need to offer more resistance to subtle methods of manipulation and contamination which, while perhaps legitimate in war and in the service of national objectives, become totalitarian when used in peace and in the service of the objectives of parties or mere factions and of socio-economic forces that direct the orchestra from the shadows and have written the score well. It is necessary to think of a serious press, which does not reproduce the vices of the time of censorship and those of 1975, but serves the right of the citizens to be informed more than the desires of the bosses that finance it or appropriate it to themselves. The lack of confirmation of news, the systematic launching of rumors, the confusion between news and comment, the obvious concealment or distortion of the actual facts to give a certain image of somebody or something, the defamation and scurrilous insult--we see all this. And with sorrow. Or with disgust.

Game Points

I must emphasize three fundamental characteristics that in my opinion separate my type of analysis and my political school from Dr Judice's.

Among our political analysts, Judice is the most perfect cultivator of a "Realpolitik" that finds few examples, except of pettiness, in our democratic political life. His "diary" of the revolution embellished with the phenomenon of "voluntarism in politics" furnishes a good embodiment of this constant viewpoint of his analyses. My point of view--as a politician and as an analyst--has always been very different; I believe in the historical rôle of voluntarism, even when it is defeated in the short run, for the future is made up of defeats that turn into victories. I believe in and prize idealism in politics, not confusing it, as so many do, with the defect of ingenuousness, which is an entirely different thing; I feel that ideas make history more than everything else together. I reject the "Machiavelli effect," or rather, without thinking that politics is merely a system of ethics (that is what would be ingenuousness), I judge that it is subject to morals, does not dispense with moral judgements (especially in the healthiest societies; the politics of decadence is another thing), and that morality, in and of itself, is capable of being a leaven of history. Having said this, I do not disdain force, struggle, the interests that Hegelians--whether Marxists or not--always weave into history and by which they gauge the efficacy of political acts. But I do not consider that the pure type of politician is to be found in the victorious schemers of the Fourth Republic, more than in Mendès-France, who was so often defeated but was so often right against those who defeated him and thus influenced history.

In the second place, I find in Judice a firmness of analytic criteria and a constancy of analysis that contrast singularly with those of our after-luncheon and after-dinner analysts. It is important to attempt to get to the bottom of questions. But I hope Judice will allow me to regret that the political and philosophical solidity on which his acute analysis is based is not accompanied by the economic capacity for analysis (as is the case with many other analysts), and this limits much that he says. Specifically, many theses, explicit or implicit, on the Portuguese economic situation lack the minimum factual basis.

Lastly, Judice does not manage to prevent its being very transparent that his analyses always propose or seek a solution; at times they appear to be arguments rather than speculations. Sometimes they are lawyer's work rather than university work. And so, of course, anybody who proposes another solution will be led to dispute the analyses and not to accept the "laws" with which he bombards us dogmatically, which in reality are not laws at all, but are the honorable points of view of the commentator Dr José Miguel Judice, who is also a politician and even admires Dr Sá Carneiro and Dr Lucas Pires. In which he is fully within his rights.

All this is à propos of the argumentation that he extracted from an article of mine to demonstrate that the central voluntarist bloc--which could never exist--was approaching its end. Now let us take a look at that.

Manifestly, the "center bloc is not a bloc of moderates against radicals" in my conception--at least if we designate political styles or political characters as Dr Judice does. I am a moderate, like Soares or Freitas do Amaral, but that is no reason that I cannot participate in the same political bloc as Manuel Alegre, Lucas Pires, or Sá Carneiro. What is involved in the make-up of a center bloc is three things:

- a) A well-founded coherence of theoretical projects and programs of action for Portuguese society;
- b) An organization of partisan and non-partisan forces that join organically in these projects or carry them out; and
- c) A coherent and cohesive sociological base.

In various European countries more or less organized central bloc political solutions exist; this is common in countries where political, social, and regional individualism, coupled with the proportional electoral system, create an exacerbated multiparty system. In this case a partial alternative exists--for modifying the governing coalitions--and in many cases the solutions exclude right and left oppositions. (And that has not radicalized the situations, which, of course, cannot be transferred to Portugal by analogy--although fragmentation and a multiparty system are at least factors that characterize us, too.)

I am not sure that what actually happened in Portugal was really a revolution, and I do not see the conditions for "Bonapartism." But I should consider

viable a "De Gaulleism" carrying in semipresidential institutional terms a political plan that would correspond to those requirements and would expressly mobilize: the urban and rural middle classes scattered through the PS and PSD and greatly increased by the high wages and redistribution of credits after 25 April; a part of the skilled workers and professionals adhering to the same parties; and a part of the urban masses (especially by way of the PS).

Sociologically, there would remain outside of it a significant part of the industrial and rural proletariat of Alentejo--by way of the PCP, and the more conservative and ideological parts of the urban and rural bourgeoisie (mobilized by the CDS, or, if there were time, by the right, whose technical cadres would feel attracted by a bloc of this type). The irreducible conflicts would still exist among us in the party machines--not between plans for society, or sociological means and forces that constitute the principal nucleus of stability and dynamism of Portuguese society. What would naturally be the dominant plan? I do not believe that it would be true "centrism," but a mixture of liberalism and social democracy (PSD and PS); hence the central bloc, which I have defended since 1976, would be not a centrist bloc (although it could include the CDS), but a bloc of the center-left majority, cutting out the majority of the PS-PCP left and cutting out the majority of the right (or by centrifuging off the extremists --not to be confused with radicals--on the right; or with isolation of an opposition party on the right). At bottom, I believe there is a great similarity here to the essence of the grouping that got Eanes elected (except that because of a certain lag he did not have an opposition on the right, as he will have in 1981--and that is good), which could direct the power at the beginning of the 1980's if the people gave it their votes--with the capacity for social and political dialog with the labor forces dominated by the PCP in time of crisis, with the capacity to stimulate the business community and the skilled workers, as this same crisis requires. At bottom there is a great concentration here of nuclear social strata and of strata of progress of Portuguese society, capable of avoiding confrontation, clarifying plans (if the CDS were in the central bloc, by the creation of new rightist opposition forces), rendering viable a coherent constitutional revision, and giving content to the semipresidential system (in spite of the parliamentary nature of the PS, which, by virtue of the sociological expression that it acquired in 1975 in the struggle against extremism, has in my opinion become indispensable to any majority central bloc). I do not know whether all this exists in any other proposal. It is in essence Giscard d'Estaing's plan for France. It was with a plan like this that the Swiss Social Democratic Party outstripped the radical left and the bourgeois parties at the height of the economic crisis of 1930. Here are two examples of how it is possible to arrange "central blocs"--one a fact, the other a plan--and how this could be done within the framework of a semipresidential system to which I have always given my support.

There is thus no "centrism" here; the ideological plans of the various center blocs depend on their sociological and cultural composition; as

Willy Brandt said, social democracy is the "new center." Nor is there Bonapartism; democratic authority can assert itself in other forms. (In postwar Italy, for example, it was by the stability of the dominant political force and of the social bloc in power, which even has a certain similarity to a central bloc, in spite of the fact that a certain bipolarization had come into the picture and was becoming more marked.) Nor, again, is there extremism here, and I believe that the possibility of containing extremism is real, simply by strengthening, over the very long term, the communist opposition, which history has never shown to have had conditions for approaching a majority position. That does not generate alternatives? Let us understand each other. It does not facilitate alternation, but alternation must not be forced in the short term, every 6 months, and should not be desired immediately, save in relation to forces that are clearly "inconsistent" with the overwhelmingly majoritarian scheme of things (such as the communists and the extreme right); and there can even be a fragmentation of the central bloc, when it ceases to be indispensable to the effort toward national reconstruction and the practical definition of a new national system.

I do not believe, on the other hand, that social conflict in Portugal has been attaining an extremely high level, since 1975. Unlike Spain, Italy, Germany, and France itself, Portugal is a country with very slight inclination to social conflict. We have the lowest strike index in Europe. Criminality exists but is not alarming. Verbal argument covers almost all political conflicts. Terrorism is nonexistent, regionalism weak and restrained, and the capacity for absorbing the most varied political solutions not unlike that of a sponge. It is my judgment that whereas in Spain the politicians will make an effort to seek consensus because there is a strong tendency to social conflict, in Portugal the struggle for power among the politicians is a strong--sometimes the principal--factor aggravating social conflict. I therefore judge that the politicians themselves should be cohesive and relate to the social forces represented; the clamorous error of the PS-CDS accord is there to demonstrate the point.

Well. In the light of the above, would you say that I have affirmed the inevitability of the "center bloc"? The fact is that I have recognized that there is a strong bipolarizing movement that makes it almost impossible to organize a center bloc; good social conditions for it still exist, but political conditions are beginning to be lacking. Why? Primarily for the following reasons:

- a) The PPD's swerve to the right, with a real change in character (at least in the loss of an essential component).
- b) The profound errors made by the PS, notably in 1978.
- c) The creation of anti-PS front dominated by forces of the extreme right, which claim that the PPD and CDS must merge, perhaps at the risk of further destabilizing the area of the right, which they are trying to dominate for objectives that are not those of the European right, all of which is

facilitated by the nonautonomization of the antidemocratic extreme right as opposed to the democratic right in Portugal. I judge, nevertheless, that at the national level, in the midst of the great disorientation, the conservative front is in the minority. And from this, too, certain conclusions must be drawn.

d) The existence of a climate of *revanche* among the right--the mass media, certain aspects of the political atmosphere: the climate of Portugal today seems more in keeping with the times of Salazar than those of Marcelo Caetano; and even some of Marcelo Caetano's liberals are "ultras" in the democracy today. Nevertheless, they are dreaming of social forces that they do not possess, and of armed forces that they are far from dominating. They block power, but cannot win it. This demonstrates that the "center bloc" continues to be the possible peaceful arbitration of a situation with so many exits blocked.

These factors compel me to continue. But I shall always say that I am not "washing my hands of it" (as he is doing, although he persistently tries to push me out of politics); I do not consider that there are no longer conditions for continuing to reject bipolarization, isolating the PCP on the left and the extreme right on the right. For this plan the PS, in spite of its faults, is essential, as essential as would be an antisocialist PSD not determined on ruptures (for I have always been able to subordinate personal questions to the good of the country). Or, to put it another way, for consensus and for civic peace in Portugal.

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CSO: 3101

EDITORIAL LOOKS INTO EMERGENCE OF FASCIST RIGHT

Porto O PRIMEIRO DE JANEIRO in Portuguese 19 Jun 79 pp 1, 16

[Editorial by Norberto Lopes: "If in the Fifth Year He Rose Again"]

[Text] I do not mean to take up again the subject explored by Viscaíño Casas when he performed the Biblical miracle on the person of the late Spanish dictator--"and in the third year he rose again." I will restrict myself to stating a hypothesis concerning the Portuguese dictator: If in the fifth year he rose again... and deducing from recently verified facts the unmistakable symptoms of a state of mind that leaves no doubts in anyone's mind as to the sentiments that some Portuguese make no attempt to conceal.

It will not be the case of the opened grave of the Escorial. But, believe it or not, the truth is that there are some who would like to see, in a macabre delirium, the stone rolled away from the tomb that safeguards for all eternity, in the little cemetery of Vimieiro, the remains of Salazar... And if he came back? Nobody with an ounce of common sense would wish for the "miracle." But it cannot be denied, whether we like it or not, that the same symptoms of the degenerative disease that brought on the shadowy eclipse of civil liberties in Portugal for nearly half a century are repeating themselves today.

But let us see. On the walls of Lisbon and Porto, side by side with the faded revolutionary slogans, other slogans are beginning to appear that leave no doubts about the desire that has possessed some Portuguese for a return to the past, which our people want no part of, but which certain extremists of the right (and not they alone) insist upon trying to impose upon them. Such as: "Salazar, come out of the coffin," and "Forgive us, Caetano, for our mistake,"--flagrant examples of that state of mind that cannot be ignored and that are revealed everywhere, not only in private conversations but also in public places, where these persons do not hesitate to utter, loud and clear, sentiments that a short time ago no one would have dared to formulate in public.

On the Day of Portugal, Camoens, and the Communities, right by the poet's statue, hundreds of young self-styled "nationalists" joined in a political

demonstration, which nobody tried to stop, filing past the Restorers with shouts of "The right will win!" and "Portuguese, unite! Down with the parties!" This would not have been possible a year ago without the Carmo and the Trinity falling and the Chiado becoming the stage for scenes of violence, with police intervention. But there was not the slightest reaction.

But that is not all. At a recent celebration of the first anniversary of a projected independent radio and television there was wild applause for speakers "formerly" well known for the collaboration they gave to the deposed régime, who had returned expressly, Artur Agostinho from Brazil, Henrique Mendes from Canada, and Pedro Moutinho from the oblivion to which he was consigned after "25 April," to take part in a spectacle that involved hundreds of persons.

St Anthony, forgotten by official circles for the last 5 years, again occupied his altar in the Lisbon commemoration dedicated to him. The Popular Marches returned to the Avenue. Old traditions have come back that had been put aside in an iconoclastic rage to destroy everything that was reminiscent of the past. Camoens himself, so mistreated by irresponsible proponents of a precipitate decolonization, was again appropriately celebrated on the day dedicated to him in the official calendar.

There is no doubt that the dictator was detested in life by the great majority of the Portuguese people, who never forgave him the suppression of liberties, the crimes of the PIDE [International and State Defense Police], and the Tarrafal concentration camp. But the truth, of which there can be no doubt, is that he is beginning to be rehabilitated, and that the responsibility for this phenomenon, which no one thought possible, not even his coreligionists, falls largely on the leaders who have governed us, and who, after "25 April," discredited democracy, ran the country into debt, and destroyed the national economy, leaving us "au bout de nos ressources," as the French say, or, in common parlance, "on our uppers."

And, for lack of other means of salvation, for none were discernible on the dark horizon of our future, the Portuguese people, which at bottom is Sebastianist in temperament, "accepts as savior," as Adolfo Coelho wrote 90 years ago, "the first charlatan or the first nonentity imposed by any external circumstances," in a "return to the gregarious instincts of animal societies, revealed in servile submission to the chiefs who impose themselves by a little audacity and in the conviction so often heard that only despotism can save the nation."

Things have not changed much since Adolfo Coelho published his "anthropological, pathological, and demographic study of the Portuguese people," in which is to be found the explanation for many of the ills that we suffer.

Viscaíño Casas raised the Spanish dictator from the dead and from that macabre fantasy drew tragicomic consequences that made thousands of Spaniards laugh and compelled others to reflect profoundly. We shall not go

so far in reviving the Portuguese dictator, even as a mere hypothesis. There are some, however, who are convinced that if he returned he would "turn all this around" in 2 days. If it did happen--a thing that is not in our predictions--we would be bound to have at least as many surprises as we had with the quick changes of devoted fascists who, having shamelessly joined the Communist Party, would turn up at the hour of the volte-face to shout "Viva Salazar!" and join the National Union. And those brigands of the Portuguese Legion would return to donning the guise of convinced "democrats," who had taken to reading Dr Álvaro Cunhal's textbook with devotion after having happily read Dr Oliveira Salazar's! And is there so much difference between the one and the other, I make so bold as to ask.

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CSO: 3101

RUI MACHETE ON NEED FOR NEW PARTY

Lisbon DIARIO DE NOTICIAS in Portuguese 26 Jun 79 p 3

[Interview with Rui Machete by Simões Ilharco; date and place not given]

[Text] The necessity of creating a new party, "situated between the PS [Socialist Party] and the PSD [Social Democratic Party]," which "would compete in the elections, if that were the solution to adopt to resolve the crisis," is pointed out today by Rui Machete in an interview with DN [DIARIO DE NOTICIAS]. According to his statements, "the ASDI [Independent Social Democratic Alliance] and the Social Democrats do not cling to the idea of a fifth government as if it were a life preserver. "Quite the contrary," says Rui Machete, "with or without a fifth government, the emergence of a new political party that would fill the vacant space left by the PSD's swing to the right and the PS's clear rejection of social democratization is becoming indispensable."

DIARIO DE NOTICIAS: According to your recent statements, the formation of a fifth government cannot result from an agreement between independent social democrats and the Socialist Party, an agreement sanctioned by the president of the republic. It can come about through the president's initiative. Does this mean that there are political differences within the ASDI, as some observers have suggested?

Rui Machete: Neither among the independent social democratic deputies nor within the ASDI is there any difference of opinion on the fundamental question of the fifth government. We all think that the initiative of trying to find out whether the fifth government has viability will be up to the president.

In the affirmative case, the president will have coresponsibility in the selection of the prime minister, of the governing team, and of its program. Only, unlike the third and fourth governments, these choices will be made in dialog and with the support of political forces and the assent of the Assembly. But I think that enough has been said about the problem of the fifth government, and that we must now wait for the president's decision.

We must not cease to concentrate our attention on the problems of the formation of a fifth government, but we must look beyond that.

IN: To the ASDI, does the only solution that deserves its support require the formation of a fifth government, or are there other possible alternatives? Specifically, when you say that "it is necessary to look beyond that," does that not suggest other alternatives?

RM: In a democracy it is fundamental that there are always other alternatives.

The ASDI and the independent social democrats do not cling to the idea of a fifth government as if it were a life preserver. Quite the contrary, I think that with or without a fifth government, it is becoming indispensable for a new political party to emerge that will fill the vacant space left by the PSD's swing to the right and by the PS's clear rejection of social democratization, and that this corresponds to the wishes of a part of the Portuguese electorate.

DN: Then this party would be situated between the PS and the PSD and its aim would be to prevent the division of Portuguese society into two antagonistic blocs (PSD/CDS [Social Democratic Center Party] and PS/PCP [Portuguese Communist Party])?

RM: Yes. This party will fall in the space between the PS and the PSD in the political spectrum and counteract bipolarization. It is obvious that, to take the case of England, bipolarizations exist without tragic consequences for democracy. But it must not be forgotten that in that country a third of the working class votes for the Conservative Party, and that it is precisely the more moderate wings that dominate both the Labor Party and the Conservative Party.

The serious thing about the situation in Portugal is that the blocs are being thought of, at least by the right, as political and class blocs, and that, furthermore, it is the most extremist elements that dominate the PSD/CDS bloc.

The party to be created will oppose bipolarization by being an inter-class party and at the same time by adopting a moderate center-left orientation.

IN: The new party that you suggest would have the ASDI as an essential nucleus and the Socialist Party as a preferred ally?

RM: The new party will have to have the ASDI as one of its activating nuclei. As an essentially pragmatic political proposition concerned with the specific problems of Portuguese society, however, it will have to be open to all who, like us, reject a return to the past and think that Portuguese society must progress not by revolutionary utopias but by needed reforms. Hence the understanding that this party will not be *a priori* integrated into any preferential alliance, but rather will cooperate with

all democratic political forces that, consonant with the time, will permit concretization of its program of reforms.

It is time to finish with the one-sided vision of the ex-PS and ex-PSD pre-occupied with their old partisan conflicts.

DN: Won't you, with this declaration of yours, be sending an invitation to the "reformers" to integrate the new party? On the other hand, when you speak of democratic political forces, don't you mean to exclude the PCP from dialog with the new party?

RM: The new party will not exclude anyone who accepts its platform, and will thus constitute a *challenge-invitation* to the "reformers." And it is a good thing not to forget that there are other political groups outside of the "reformers."

As for the PCP, I understand that our position will have to be clear: exclusion of any agreement or cooperation in the political field, with a possibility of agreements on points in the social field.

DN: From what you say--and in anticipation of the letter sent to the CDS--won't the same thing happen in relation to the Christian Democrats?

RM: Political collaboration will be effected case by case with any democratic party and not exclusively with the PS or the CDS, although it really is true that the new party has more affinities with certain positions of the PS than with the CDS. It should not be forgotten, nevertheless, that the new party to be created represents an important qualitative jump in relation to the ASDI and will attempt to embrace a broader sector, and so it will have to face some problems that the ASDI does not have to face.

The letter sent to the CDS, which corresponds to an earlier invitation extended by the Centrists at the time of their proposal to form a "front," contains among other things a clear statement affirming that we will not subordinate ourselves to any political party.

DN: With regard to subordination, there are those who say that the ASDI and later the new party will function as satellites of the PS. They will be a kind of MDP/CDE [Portuguese Democratic Movement/Democratic Electoral Commission] of the Socialist Party. Do you wish to comment on these allegations?

RM: I suppose I was the one who, in an interview on the RTP [Portuguese Radio-Television System], first used the expression that we will not be an MDP/CDE of the PS. We reject any satellization, as will be quickly seen, whether or not a fifth government is formed. It is obvious that between a radicalized bloc on the right and the PS, we are closer to the latter, but the "antibipolarization" task that I judge to be fundamental to the new political force requires us not to integrate ourselves into any of the blocs and to remain open to cooperations whose center of gravity is in

moderation and in realism; i.e., center positions.

DN: Let us drop the new party for the moment and turn to the formation or non-formation of a fifth government. In your opinion who would be the ideal personality to head that government?

RM: That question should be presented directly to the president of the republic.

DN: Even so, what do you think of the suggestions Nobre da Costa or Barbosa de Melo?

RM: Either of them would be a good suggestion.

DN: Does the ASDI still reject interim elections, the referendum, and renunciation of the right of the president of the republic to be a candidate to succeed himself immediately?

RM: As for interim elections, we consider that from the point of view of the national interest they are not the preferable solution. But if they come to be adopted, I think that the new party will have to compete.

The referendum, as it has been publicized, would under the present circumstances be a violation of the constitution, an element of division among the Portuguese, and in short, a more or less disguised coup d'état.

Nevertheless, I do not exclude the possibility that, if there were a consensus among the political forces, the referendum might be an adequate means of constitutional revision such as is happening today, for example, to the constitution of the Fifth Republic in France. The question is not the referendum in the abstract, which is an eminently democratic process, but the form and conditions under which it has been advocated.

The hypothesis of renunciation of immediate candidacy of General Ramalho Eanes for reelection seems to me to constitute, on the part of those who have proposed it, a manifestation of unrealism and irresponsibility.

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SO: 3101

GARAICOECHEA: BASQUES, PUBLIC ORDER FORCES IRRECONCILABLE

Madrid ABC in Spanish 12 Jun 79 pp 7, 8

[Interview with Carlos Garaicoechea, president of the Basque General Council, by Maria Merida; date and place not given]

[Text] CGV [Basque General Council] president charges "too many coincidences" between incidents at Tudela and those at San Fermin last year.

"Conditions still exist which caused the formation and growth of the ETA."

In view of the seriousness of the situation in the Basque Country, we feel it is our reportorial duty--a sad duty--to publish these statements by the president of the Basque General Council, Carlos Garaicoechea, with which we wholly disagree and to which we devote our editorial on page 2 of this issue.

Last Saturday the new Basque General Council was formed, and Carlos Garaicoechea, president of the PNV [Basque Nationalist Party], was named president, in accordance with an agreement adopted by the parliamentary political forces of Vizcaya, Guipuzcoa and Alava. In the new Council, nine seats are held by the PNV, four by the UCD [Democratic Center Union], four by the PSOE/POSE [Spanish Socialist Party--Spanish Socialist Workers Party] and one by the Euzkadi Ezquerra [Basque Left].

Carlos Garaicoechea says that the moment of truth has come for the Basque General Council, because if it continues to fail to transfer important responsibilities, it could be discredited permanently. "And I am not only in recent times, but in our people's relations with the central government, do not permit such optimism. But I believe that every day there are more reasons for the central government to find a way to resolve once and for all the most serious problem facing the state: that of satisfying the legitimate aspirations to self-government of the peoples who make up that area."

Since tension, attacks and incidents of all kinds are continuing in the Basque Country, and the violence which has begun is aggravating, daily and in ever greater measure, the situation of public order throughout Spain, and above all in this part of the country, I asked the new president of the CGV:

[Question] Is this, perhaps, the most serious situation the Basque Country has faced in recent times, and can it have important consequences for all the rest of Spain?

[Answer] I sincerely believe this is true. I would say that the nationalist sectors, certainly the majority in Euzkadi, are debating between faith in political means and the skepticism and hopelessness which these have brought them to date. As a consequence, Basque nationalism is at the dramatic crossroads of either leaning toward radicalism or following moderate political suggestions.

[Question] And is it not possible to follow those moderate suggestions, taking into account that your statute is already under study and being debated?

[Answer] What is happening is that everything is moving with exasperating slowness; provisions which were made in the preautonomous regime itself, such as the return of the administrative regimes of Guipuzcoa and Vizcaya, have not been fulfilled. There is, as I said before, a real hopelessness because of these symptoms and, concretely, the irreconcilability of our people with certain Forces of Public Order which they consider foreign and which have played such an inauspicious role in recent times, causing an unfortunate episode such as what happened the other Sunday in Navarra to sharpen that deep feeling of aversion the Basque people have toward a Public Order Force it does not consider its own.

[Question] This "inauspicious role" you speak of is nothing more than doing their duty, their duty to defend public order; and if such defense is needed, can you deny them recognition of the huge price they are paying in order to comply with that role?

[Answer] I make a distinction between the individual tragedy of some men who come to perform that unfortunate mission, which for them is imperative for their own livelihood, and the image of the FOP [Forces of Public Order] as such, which I believe should be replaced for two reasons: First, because it is an irrevocable part of the self-government we are demanding, and second, because it is absolutely incompatible with the people themselves, whom, paradoxically enough, they should serve, because of a turn of events, as I said before, which has transformed them into irreconcilable enemies.

[Question] The civil governor of Navarra said not long ago that public order cannot be delegated. I see that you people disagree with that.

[Answer] Of course, I am in complete disagreement with that statement, because, based on our thesis of the right to an integrated, historical

jurisdiction, public order is one of the many historic rights which were taken from us, and in addition because it is perfectly conceivable that a state should return this function to its people. If not, we have only to look around us and take an example such as Switzerland or other countries in which the concept of public order, as I am telling you, is perfectly compatible with the existence of a state which nobody questions.

[Question] Do you believe that this present situation in the Basque Country, of tension and negative reaction and new, escalated violence, will improve, or can it, on the contrary, provoke even further violence?

[Answer] I hope that there will not be another unfortunate incident like the aforementioned one which took place on Sunday in Navarra because of the situation in the streets, because that indeed would mean a new and incalculable aggravation of the problem. Any fatal circumstance of this kind would at best serve the hidden purposes of extremists on both sides, although it appears very harsh to say so.

[Question] You, who live in Navarra, must surely know exactly what really happened the day of the antinuclear demonstration, in which a young Venezuelan woman lost her life and which, by all indications, appears to have been an accident. Is that not so?

[Answer] Look, I am usually very well intentioned and optimistic, but the events of that Sunday have a certain excessive resemblance to what happened at San Fermin last year, and I even understand that high government agencies have admitted that there was some interference which caused a lack of coordination among the government authorities in the use of the Forces of Public Order in Tudela. Unfortunately, this suspicion is a firm conviction in the minds of many people who, in addition, as a rule do not receive any convincing explanations when things like this happen.

[Question] One would have to see whether in either case there was not some provocation. But let us leave this subject now, Mr Garaicoechea, and go on to another, which is also current, and that is whether you people will reach some agreement and accept the statute if it is approved, because if you do not believe it is sufficient--and it appears, according to rumors, that it contains much that is unconstitutional--what new reaction would there be then in the Basque Country?

[Answer] I have said quite frequently that we have conceived the Statute of Guernica as a balance between the minimal aspirations of our people and the apparent receptiveness of the central government to our suggestions for autonomy. If the central government or the ruling political class gets too clever, cutting away at our suggestion, it will destroy the very fragile balance with which we have wanted to achieve the minimal demands--I repeat--of our people, and the consequences could be irremediable.

[Question] However, a large sector of Navarra's population does not want to support the Statute of Guernica.

[Answer] The fact is, Navarra has a specific established procedure in the Constitution itself to resolve Navarra's adherence to the common Basque political institutions, and that is by resolution of the Foral Parliament and a subsequent referendum; for that reason, the adherence in Vitoria was symbolic, since the established procedure is as I have indicated, and the Ayuntamientos, as such, do not have the power to adopt, corporately, agreements which brush aside the aforementioned system. I hope that good sense will finally prevail in Navarra and that all the principal political parties will find some formula for agreement in which they may achieve conciliation of the personal respect and special autonomy of Navarra, which we respect as one in which, as part of a confederated Basque organization, the interests of all and the essential identity of a single people are better defended than by taking separate paths.

[Question] How do you view the attitude of the Herri Batasuna?

[Answer] The Herri Batasuna, as I told you at the beginning, is the product of skepticism and the frustration of a people's aspirations. Insofar as that skepticism and frustration are being fed from Madrid, with its refusal to adopt important political decisions relative to autonomy, the Herri Batasuna will continue to grow.

[Question] The ETA is continuing to escalate its terrorism. As president of the Basque General Council, don't you see any solution to this serious problem? Do you believe that it will not cease its armed attacks, regardless of what measures are taken?

[Answer] I wish with all my soul that it were not so, but, unfortunately, the objective conditions which gave rise to the ETA and helped it grow are still there in certain cases, and, actually, they can act at any time. I told you before that this situation was irreconcilable. That hatred has been fed for many years, and it is now practically indestructible. I do not see any solution other than a deep-based self-government. My great concern at this time is to prove the error of thinking that this country's serious problem can be solved with lukewarm regional measures. I believe that political circles--including the highest ones--have not yet taken into account the gravity of the situation, but I, who know our Basque people well, can assure you that if we do not act quickly and positively, the results may be very disastrous.

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CSO: 3110

DOMESTIC ARMS PRODUCTION GIVEN

Madrid YA in Spanish 17 Jun 79 p 3 [supplement]

[Article by Fernando Nadal Moya: "Are We Prepared for War?"; passages enclosed in slantlines printed in boldface]

[Excerpt] As we have pointed out, our war industry has become stronger and larger although perhaps not as much as desired. It is necessary to learn our present arms situation by analyzing the following areas:

/Conventional arms/ We produce practically as much as is needed in this area: small arms, machine guns, mortars, grenade launchers, recoilless rifles and ammunition for these weapons.

Artillery pieces are not manufactured since the technology and installations are available to manufacture as much as needed at any time. There is no problem either in producing this type of ammunition.

Concerning combat vehicles, the program of coproduction of the AMX-30 model has a budget of 8 billion pesetas and has led to investments of 1.2 billion pesetas for machinery and tools in more than 60 auxiliary industries.

/Transportation vehicles/ The need for armored transportation vehicles is met by the American M-113. The development of the program of several models of the BRM 600 wheeled armored vehicles is strongly based on national industry.

/Rockets/ The problems related to the production of the La Maranosa rockets have been solved by military technicians. Our market supplies itself with land and air rockets. The only thing that is imported for small rockets is the combustion chamber which can be produced nationally at any time.

/Missiles/ No major progress has been made in Spain in this field. The level of development is quite low. The electronic and

electromechanical industries would have to be developed and a system of coproduction to initiate us in the profound knowledge and experience necessary would have to be used to develop this field.

/Gunpowder and explosives/ The profitability of this sector is low if exports are not promoted. This reduces industrial interest. It also requires a great variety of types and is subject to constant development.

It is practically impossible to summarize briefly the entire Spanish war situation but, from this, I think that the reader can have a superficial idea of the degree of readiness of our army--concerning arms--and what can be put into operation in case of war.

7717

CSO: 3110

DAILY REPORTS ON GALICIAN AUTONOMY BILL

Madrid EL PAIS in Spanish 16 Jun 79 p 16

[Article by Juan Francisco Janeiro: "Autonomy Statute Advocates Interregional Solidarity"]

[Text] The Galician Autonomous Community makes its principal task the defense of the identity of Galicia and its interests and the promotion of solidarity among all the Galician people through democratic institutions, according to the first article of the bill for the Galician autonomy statute. EL PAIS had access to the draft which was finished yesterday.

The bill which will be presented in the Cortes on 28 June, the 43rd anniversary of the plebiscite for the Galician people on the statute written under the Republic, indicates in its preliminary paragraph that the children of a Galician father or mother and other Spaniards who are inhabitants of Galicia will be considered Galicians. The rights of the statute will also be applicable to Galicians residing abroad who have not lost their Spanish nationality.

Two important questions--the location of the capital and the electoral districts for the Galician Parliament--have not been decided yet in the bill written by 11 UCD [Democratic Center Union] congressmen based on the draft written by a committee of 16 people, eight of whom belonged to the government party and the other eight to leftist and nationalist parties. There are two positions on the location of the capital of the Galician autonomous government: one proposes Santiago as capital and the other wants the council to be based in La Coruna and parliament to be based in Santiago.

There are also two different opinions about the election system for the Galician Parliament among the UCD congressmen who wrote the bill. Some advocate proportionality while others advocate changes so that

the less populated and more depressed provinces, Orense and Lugo, are represented equally with La Coruna and Pontevedra.

According to the bill, the Galician government will be exercised through the parliament, the council and its president and the courts. They will promote the conditions so that freedom and equality of individuals and groups will be real and effective, remove obstacles that impede them and facilitate the participation of all Galicians in political, economic, cultural and social life.

Powers of Parliament

The principal duties of the Galician Parliament, whose deputies will be elected by universal and free suffrage, will be: to exercise the legislative power of the autonomous community; to supervise executive actions; to appoint senators to represent Galicia in the Cortes; to elect the president of the Galician Council; to request that the national government adopt bills and to present bills; to make appeals against unconstitutional acts; and to supervise the actions of the council and its president. Elections for parliament will be held every 4 years and the members will receive immunity for their actions in the exercise of their position.

The Galician Council appears in the text as a collegiate organization although its members will be appointed and dismissed by its president. Although the prerogatives of this organ will be contained in a law passed by the Galician Parliament, the statute recognizes its prerogative to appear before the Constitutional Court in case of conflict of jurisdiction between the nation and the Galician Autonomous Community or between the latter and any of the other autonomous communities in the country.

The president of the council, elected by the Galician Parliament and appointed by the king, will be politically responsible to the parliament. The candidates for this position must be nominated by at least one-third of the members of parliament. The president will direct and coordinate the council and represent the Galician people. The president of the council can, with cause, dissolve parliament once during his term through decree, convoking new elections at the same time.

The statute gives the Galician Autonomous Community exclusive jurisdiction in the following areas among others: organization of its institutions of self-government; organization, demarcation and local government of Galicia; organization of the territory, urban development and housing; Galician civil legislation (which can include all matters not reserved to the state by the Constitution); procedural norms and administrative procedures derived from the specific Galician

law of the organization of public power; statistics for the objectives of the Galician Autonomous Community; public works; railroads; promotion and teaching of the Galician language; creation of an autonomous police; savings banks (within Article 149 of the Constitution); casinos, gambling and lotteries in Galicia; encouragement of culture and research in Galicia; industry; and the Galician public sector.

Also Galicia is responsible for legislative development and execution as well as jurisdiction in different areas within the framework of basic national legislation. These areas include: organization of credit, banking and insurance; communications; economic planning; maritime fishing in Galician territorial waters; environmental policy; organization of the pharmaceutical trade; domestic commerce and consumer protection; labor emigration policy; and return of Galician emigrants.

Patrimony and Revenue

The patrimony of the Galician Autonomous Community will consist of the patrimony of the preautonomous body at the time the statute is approved, the patrimonial assets of the provincial groups that are transferred to that community, national patrimony or assets of other public organizations involved in services transferred to the community and national patrimony situated in Galician territory that is not destined for public use.

The revenue of the Galician Treasury will consist of its patrimony and revenue from Galician private law, revenue from its own taxes and special contributions, revenue from taxes ceded by the state to the Galician Treasury, surtaxes and established participation in certain state taxes as well as participation in revenue from government monopolies and other national revenue, grants and subsidies from the general state budgets, revenue from the Interterritorial Compensation Fund and other private or public subsidies, revenue from the emission of Galician public debt and credit operations and any other type of revenue that might be established through general and territorial laws.

The Galician Treasury will also have the power to establish and exact its own taxes in accord with the Constitution. These can include taxes to recover social costs from pollution as well as taxes on production of electrical energy.

The nation will totally cede to Galicia the following taxes: a) inheritance tax and tax on legal documents; b) special taxes; and c) all taxes that are ceded in the future with the approval of the Cortes.

Also the Galician Treasury will receive a percentage of the collection of the following national taxes throughout Spanish territory: a) personal income tax; b) corporate income tax; c) value added tax or, in its absence, sales and luxury tax; d) inheritance and gift tax; e) net inheritance tax; and f) all new taxes that are not ceded.

The Galician public powers also have the prerogative to constitute an autonomous public sector, distinct from the one the state maintains in Galician territory, directed toward the encouragement of Galician economic development. The autonomous community can also establish its own credit institutions.

The chapter on the administration of justice states that the Galician Superior Court of Justice is the top judicial organ in Galicia. The president and judges of this court will be appointed after nomination by the Galician Council. The Galician Superior Court of Justice will hear matters referring to special Galician law and other matters that the organic law of the Judicial Branch attributes to it.

7717

CSO: 3110

BRIEFS

APRIL EXPORT FIGURES--The evolution of foreign trade in April basically continues the trend of recent months although with a slight decline. Imports increased slightly compared to previous months and compared to the same period last year. Exports continue strong although less steady than in other months. The rate of coverage in April is estimated at 75 percent and that of the first 4 months of the year at more than 78 percent. Imports in April totaled 125,669,000,000 pesetas, about 13 percent from oil. Exports totaled 94.26 billion pesetas, mainly from automobiles, citrus fruits, other fruits and vegetables, shoes, books, tires and steel. During the first 4 months, imports neared 500 billion pesetas compared to almost 390 billion in imports [as published]. The coverage between them improved by almost seven points compared to 1978 and is at record levels for Spain. One fact that should be pointed out concerning imports is that a greater quantity of crude oil was purchased this year but it cost about 8 percent less than in the past because of the variations in the rate of exchange which have favored the peseta over the dollar. [Text] [Madrid EL PAIS in Spanish 19 Jun 79 p 55] 7717

CSO: 3110

SWEDISH MARITIME DEFENSE EFFORTS SURVEYED

Stockholm SVERIGES FLOTTA in Swedish No 6-7, 1979 pp 3-5

[Summary of a speech delivered at the annual meeting of SVERIGES FLOTTA on 18 April 1979 by the commander of the coastal fleet, Rear Admiral Bengt Rasin]

[Text] The recent defense debate has primarily concerned Swedish airplane manufacturing and universal military service. The navy has been in the background even though it has problems too, problems large enough to warrant putting them in the spotlight.

The title of my speech, "Maritime Defense in Perspective," indicates an effort to view naval defense and its place in our total defense system objectively. I will do this by giving a brief review of the past, taking a look at the current situation and concluding with what the future holds and what it should hold.

Legacy of the 1940's

When World War II ended the navy was relatively strong. The three Sweden ships were modernized. The cruisers "Tre Kronor" and "Gota Lejon" were almost ready. A large number of destroyers had become a well-trimmed part of the naval operations system following the years of preparedness. New destroyers were being built. The submarine force had grown rapidly. The minesweeper fleet was large.

The years of preparedness had shown that this was the fleet we needed to maintain our neutrality and guard against violations of it.

The 1950's brought the age of the cruiser and newly-constructed destroyers of the "Halland" and "Ostergotland" classes appeared along with the cruisers. The submarine fleet equipment was modernized with snorkels and radar. Motor torpedo boats were supplemented with the larger, more durable and

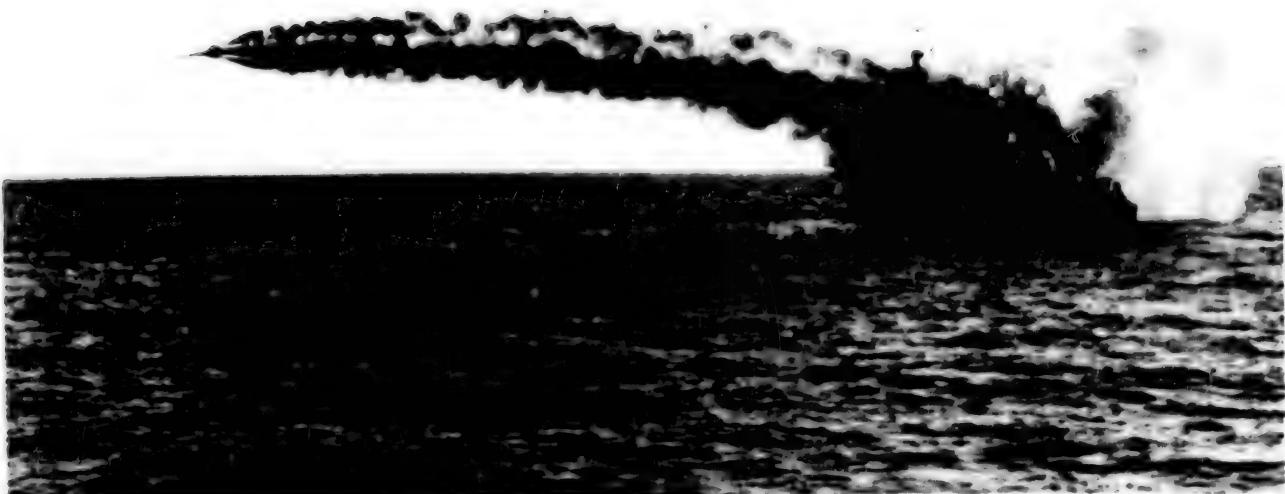
more seaworthy "Plejad" boats. Destroyers were increasingly responsible for surface-level submarine hunting and great weight was given to this task.

Navy Plan 60

In the 1950's the idea of the "light fleet" was born. It became clear to naval leaders that in a future conflict situation in the Baltic the big surface vessels would be much too vulnerable due to the threat from the air. "Navy Plan 60" provided guidelines for the future fleet. The surface vessels would be the tactically combined destroyer fleet consisting of destroyers and torpedo boats; quick and mobile, using torpedoes as their main weapons. Two of the destroyers, "Halland" and "Smaland," were the first surface vessels in the world to be equipped with marine guided missiles. New submarines were planned. Effective wooden minesweepers were brought out. Older destroyers were reclassified as frigates intended mainly for submarine hunting.



The patrol boat series continues to grow. These are small but efficient vessels!



At one time the destroyers "Halland" and "Smaland" were the world's first naval vessels equipped with marine guided missiles. Today the fleet lacks up-to-date medium-range missiles!

Fatal Year, 1958

Then came the 1958 Defense Act. The navy's share of the defense appropriation was reduced from around 19 percent to 13-14 percent. The reason was that it was felt fighter bombers could take over some of the fleet's tasks in a naval war. Ever since then the navy's share has been at this low level. This has given the navy a "little brother" status for which there are actually no operative or security arguments especially in view of what has happened and is happening in our vicinity.

Our Fleet Today

How does our fleet look today after the 10 lean years?

"External Attack" consists of three flotillas each with one destroyer and six torpedo boats.

"Submarine Attack" has the newer Sjoormen and the older Vargen submarines.

The mineships "Alvsborg" and "Visborg" give us a high mining capacity in peacetime.

The minesweeping fleet still consists of the elderly Arko boats and fishing minesweepers.

The "submarine-hunting component" will continue to consist of two older frigates for the next few years. Helicopters already bear the major responsibility for this task.

OB Perspective Plan and its Consequences

The perspective plan, "Defense Power in Swedish Security Policy," recently issued by OB [Supreme Commander of the Armed Forces] has the subtitle, "Looking Toward the Turn of the Century." It includes models for the shape of defense under various assumptions involving economy and duties. In a later section of the perspective plan conceivable developments over a 10-year period are outlined and a concrete action program is given. At the same time a parliamentary defense committee is working on the next Defense Act, Defense Act 82. There should still be time to present a well-substantiated and reasoned set of proposals for shaping our naval defense. The naval operations system that will be developed with the support of Defense Act 82 will form the basis for the naval defense we have in the 1990's and up to the year 2000.

There is reason to believe that like earlier defense resolutions Defense Act 82 will stress these goals for total defense: acting in a peace-keeping capacity; making it possible for us to remain neutral; making defense against invasion the most important task for our armed forces if we are involved in a war; and thus trying to prevent an assailant from getting a firm foothold on Swedish soil for as long as possible. Our defense would probably not be credible if we chose to conduct a devastating war on land. We must continue to take into account the advantages and opportunities given us by our geographical situation, namely a naval defense in depth that would hinder or destroy the opportunities of an attacker to bring in reinforcements by sea.

Fleet in the Near Future

Today we still have such a defense in depth with submarines, external attack in conjunction with fighter bombers, minelaying and the coastal artillery.

We can foresee a structural change in "external attack" in the next few years since the destroyers will soon disappear and the patrol boat unit now being built up will reach full strength. "Submarine attack" will increase in quality with the arrival of the three Nacken submarines though it will decrease in numbers.

We also have a possibility--though a limited one--to secure sea lanes along our coast, e.g. the submarine unit and the minesweepers. But the frigates are on their way out of the organization and the minesweepers are mostly antiquated.



Submarines are rapidly declining in number but their quality and efficiency are increasing.

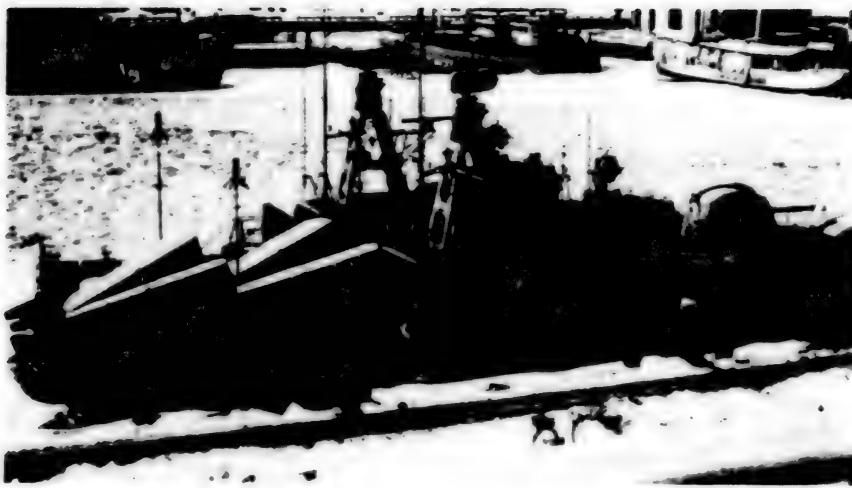
Mine Clearing

Mine clearing is an important part of naval defense. Our waters invite intensive mine warfare. New mine detector vessels were planned and their purchase had been decided upon. However cost developments and our tight economic framework forced the head of the navy to choose between mine detector vessels and sea missiles, giving a higher priority to the missiles. Acquisition of a mine-clearing system had to be put off. The design is ready, the technology and expertise exist in our own country, all that is lacking is the money. It is a natural idea to include these vessels under "subsidies to shipyards." The shipbuilding industry needs jobs. This could also involve the development of a construction technique that could later be used for other vessels. But so far we have not had any response to our proposals in this direction.

A third mineship, "Carlskrona," is under construction.

Developments in Perspective

Warships and weapons are quite decisive for the strength of the fleet. The number and quality of ships and crews determine the effectiveness of naval defense.



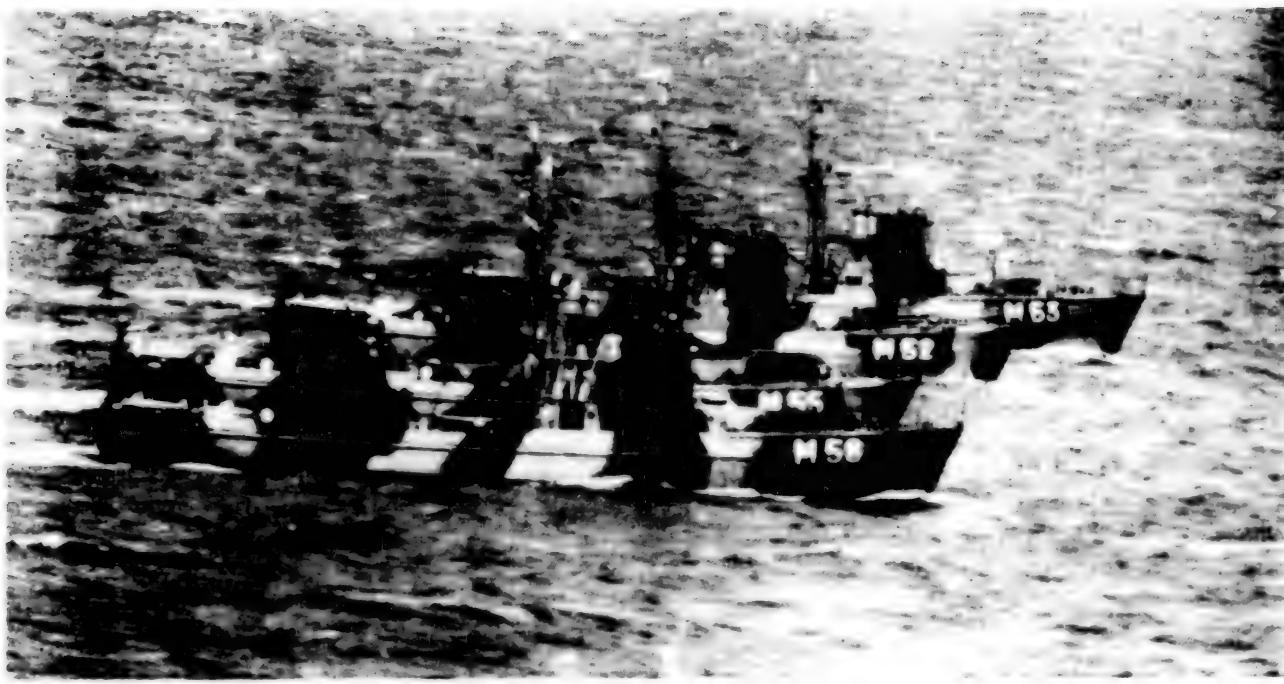
The torpedo boat "Nynashamn" with mounts for missiles. Each mount corresponds to two tubes. The mounts were installed on board to facilitate maneuver tests among other things.

A study of warship and weapons system developments up to the year 2000 gives the following picture:

Submarines will decline in number to 12. That is half the number we had in the 1950's. But the Baltic Sea favors submarine warfare. Our submarines are adapted to the shallow waters there and the weapons system is of a high quality. It is to be hoped that future development is assured by the A 17 submarine project that will follow the Nacken class. High quality but not many--four?--units. Plans call for submarines with sea missiles which provide a longer range and greater strike accuracy than torpedoes.

The destroyers "Halland" and "Smaland" will remain in the defense organization until the middle of the 1980's. Our torpedo boats of the Spica class are excellent vessels and their torpedo equipment has a high standard. But they have one big weakness compared with possible adversaries--they lack sea missiles with a long-range capacity.

The decision to bring out a Swedish sea missile (Robot 15) means that external attack will have to wait until well into the 1980's for this weapons system.



Most minesweepers of the Hano class are over 25 years old and are ready for discard. In this picture M56 is the "Uto," M55 the "Orno," M52 the "Tarno," and M53 the "Tjurko."

It is now time to plan the next generation of external attack vessels. The new generation could possibly consist of a type of "mine-missile boat" capable of alternative armament. So far only small amounts of money have been set aside for studies but Defense Act 82 must contain the opportunity to start working on this replacement.

As mentioned 16 patrol boats are scheduled for delivery. In addition to the excellent 57-mm guns they will be equipped with six sea missiles with a short range, the so-called "Penguin." Installation will begin in about a year. We will have a very useful naval operations system for offshore defense.

In the future perspective one function of naval defense will disappear, submarine hunting by surface vessels. In the past frigates (rebuilt destroyers) have been responsible for this task. Starting in the middle of the 1980's there will no longer be any destroyers or frigates left. The task of protecting commercial ships sailing along the coast and in the North Sea from submarines must be carried out by helicopter units. These are qualified submarine hunting groups but they are few in number and have a limited range. If we succeed in our objective to remain neutral in a conflict we know--with costly experience from two world wars--that

surveillance and protection of our sea territory will be needed. As of 1 July this will be expanded to 12 miles. International law also requires steps to be taken by a neutral state in its own sea territory. The tasks can be carried out in part by existing vessels but the total task of protecting our sea territory from foreign activity in the air, on the surface and below the surface calls for frigates/corvettes/escort vessels, a vessel of around 800-1000 tons with good seaworthiness, endurance, anti-aircraft and anti-submarine weapons. Four vessels of this type in each of the following areas, the North Sea, the southern Baltic and the northern Baltic, would be a good number. Space must be made in future defense budgets for the inclusion of such vessels.

It comes to mind that these vessels could also be produced through "subsidies to shipbuilding" since our shipyards have built naval vessels in the past. In addition to the vessels themselves weapons systems are needed which would increase the cost and there would be some annual expenses for maintaining the systems.

The head of the navy has calculated that an increase of appropriations to the navy of about 200 million kronor a year would check the present disarmament of the navy. This is a reasonable amount if one looks at total defense spending of around 14 billion kronor. Such an increase for the navy could come from raising the defense budget ceiling, the best solution, or by redistributing to the navy some of the funds in the existing framework or of course through a combination of the two.

Let us hope that current studies are open to fresh new winds. We cannot continue in the old path, weighted down by an antiquated and backward view of balancing defense functions.

Navy people know that defense must be conducted at sea, we believe in the navy's role in total defense, we find our task meaningful--but for that very reason we are disturbed by developments up to now.

6578
CSO: 3109

RESULTS OF NAP CONGRESS REPORTED

Istanbul MILLIYET in Turkish 11 Jun 79 pp 1, 14

[Text] The 14th MHP [Nationalist Movement Party, also known as National Action Party] supreme party congress completed work yesterday in Ankara, and Alparslan Turkes was selected once again as General Chairman.

On the second day a number of changes in party rules and a new method of determining the count of delegates were decided upon. In accordance with the changes the number of congress delegates will be selected as it was done earlier in the first congresses, only on the basis of the percentage of votes received in that province in proportion to the total number of votes received by the party. Also, with a change made in another article of the rules, it was decided to hold the party congress once each year.

After the changes in the rules the congress moved on to the party elections. Alparslan Turkes was the only candidate presented for the post of General Chairman, and a list of 55 persons was produced as candidates for the 27-member General Administrative Council. An additional five persons not included in this list and designated as "opposition" in the previous evening's meeting of MHP General Chairman Turkes with the provincial chairmen, were also candidates. It was stated that after these selections had been made the results of the elections for the General Administrative Council, reelecting Alparslan Turkes as General Chairman, were achieved by the late hours of the evening.

Supreme Supervisory Council

The following members were elected to membership in the Supreme Supervisory Council: Sitki Ciftoglu, Selahattin Sahinkaya, Fahrettin Piyade, Halim Selvi, Sahsever Bektas, Yasar Kirlangic, Turan Turkdogan.

Supreme Disciplinary Council

The following names made up the membership in the Supreme Disciplinary Council: Selim Debre, Aydemir Karabatak, Kikri Turkben, Suleyman Surmen, Ahmet Karaca, Serafettin Dogan, Mehmet Sakarya, Salih Dilek, Ali Ihsan Esmedereli.

Internal Party Disputes

Despite the fact that MHP officials insistently maintain that there has been no factioning within the party, it was apparent that a number of MHP members who were still on the General Administrative Council were stricken from the list by a large number of delegates. Tahsin Unal, Yasar Okuyan, Ozcan Ergiydiren, Nuri Gungur, Necati Uslu, Mehmet Voyvoda Develioglu, Osman Ozteken were the General Administrative Council members most often stricken from the list. It was claimed that the names of these persons had been stricken for reasons of "personal disputes."

MHP leaders said that factionalizing had not become so acute as to be reflected in the Congress, but that the party leaders had been rejected by the delegates both for reasons of personal disputes and because of a number of mistakes they had committed in the preceding period.

Communiqué of the Congress

In the communiqué disseminated after the 14th MHP Congress, to which it was decided to append the party program, it was noted that humanity was being overwhelmed by cruelty, torture, oppression, poverty and exploitation, and that human rights and freedom were indivisible, and it was maintained that the way of the nine lights was "the proper way to ensure a Turkish nation free from external threats."

Later on in the communiqué the following was said, in summary: "Our fundamental principles, which can never be abandoned, no matter how dear the price, are the indivisibility of the Turkish state, country and nation, and that the sole regime compatible with human dignity is one of political libertarianism and economic democracy. We find that a freedom in hunger is as incompatible with human dignity as slavery with a full belly. We consider that property is an element of the human personality just as labor is a sacred value. We accept the Charter of the United Nations and Statement of Human Rights as expressing the common minimum aspirations of contemporary humanity. We are opposed to communist, fascist and despotic regimes, methods and thinking. The emblem under which we have assembled and the way we have taken is the nine lights and constitutes an anticomunist, anti-fascist, democratic nationalist political action and doctrine. The flag we have unfurled is one of peaceful action linked to the principles of love for mankind, mutual respect and support and brotherhood. We refer to this as a 'mobilization of hearts' and we invite all our people in this difficult crisis period to reach the happy and prosperous age on our horizon under this banner.

"We Turkish nationalists have taken on this movement, which is laid out in the MHP program, and we are marching toward our goal. We are marching unswervingly, without giving any concessions. We are hurrying faster than before toward our goal. We are not stopped by temporary successes or advantages. We will not be. Convinced people are never defeated. We are marching in this spirit and this consciousness, marching with belief and confidence in the future.

The future of the Turkish nation and the Turkish state is in the hands of its aroused freedom and justice-loving children."

Turkes's Speech

After receiving the results of the General Chairmanship election, Alparslan Turkes made a speech of thanks to the Congress. Turkes stated that he saw the nationalist youth as the guarantee for the future, and said the following: "During previous regimes the gulf between administrators and intellectuals on the one hand and the public on the other widened. During the period of the Ecevit government this gulf has developed in a dangerous manner. The administrators have become the slavish servitors of a force outside of law and creed. Their desire is to control and exploit the army and the nation. We shall restore to the state the esteem and all the legal and administrative measures which they have attempted to erase from our national life. We shall give an end to the concept of state administration which declares the guilty to be innocent and the innocent to be guilty. We shall crush with the power of the state those who feel no respect for the state, who are destroying the state and are attempting to divide the nation. We are determined to render a just and humanitarian order a reality. Fear, lies and evil are arising. Because they have been terrified by their torturers they have become the slaves of Ecevit. Oh youth, with your faith and will you will be courageous against those who attack you with cannon, with rifles, bombs, lies, torture and the TRT [Turkish Radio and Television]. Oh MHP members, oh idealists, you are engaged in a combat of wills. Ecevit is a coward in face of anarchy. His left eye is closed and his right eye is open. He is accusing the MHP and the idealist youth with great hatred. This fire of hatred will burn Ecevit to ashes. We shall overcome and destroy this cruelty, this poverty, this torture ring. Our nine lights doctrine is being stolen and abused by other parties. Those who fear nationalism are coming out as the authors of an Islam-Turk synthesis. This is our strength. Our goal is three million votes. We must achieve success in the approaching by-election by winning a million votes. The victory is ours, it must be. It will be ours. The faith in your hearts and the steel strength in your arms will turn difficulty into victory.

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NEW NAP LOOK--INCREASED EMPHASIS ON RELIGION

Istanbul TERCUMAN in Turkish 11 Jun 79 pp 1, 14

[Article by Kenan Akin entitled "The Turk-Islam Synthesis and the MHP"]

[Text] In the 14th Supreme Party Congress of the MHP [Nationalist Movement Party, also known as National Action Party], which ended yesterday evening, it was apparent that the "Turk-Islam Synthesis" had assumed major dimensions, and once again it was sharply demonstrated that the party was not "fascist." This idea [Turk-Islam Synthesis] which has been further elaborated since the last elections has gained major adherents and has entered into the makeup of the MHP.

Since "Basbugu Turkes" made his pilgrimage to the Holy Land, the element of religion has begun to assume weight in the MHP and has gradually gathered supporters. In this manner the party has also obtained votes. Alongside the religious element, proponents of the Turk-Islam Synthesis filled the hall on both days of the 14th Party Congress and the party gained a new aspect. The official adherence of Ahmet Hamdi Tan, founder of the National Order Party, to the MHP two days before the Congress was one of the links making up this new appearance. And following this the speeches of Necip Iazil Kisakurek and Ahmet Kabakli and on the final day the participation of Osman Yuksel Serdengecli were indications requiring evaluation.

The readers of the banners which decorated the Ataturk Sports arena from one end to the other, one of which read, "Let this standard wave in our countries skies proclaiming 'We bow down only to God'", included young women in head scarves and shawls. Among the delegates and guests there were also those with beards and skullcaps, few as they might be. Anyway those with head scarves and shawls sat side by side with women whose ringlets tumbled about their temples and both shared in the same enthusiasm and excitement. Bearded delegates and moustachioed youths both were manifesting their respect and side by side joined in the Fatiha for fallen martyrs.

There was a time when the Congress was held in a small Ankara movie theatre. Now it is worth taking note of the fact that the work could be fitted in only in the course of 2 days in a huge hall. This is truly a new view of the MHP.

'CUMHURIYET' NOTES FRICTION WITHIN NAP

Istanbul CUMHURIYET in Turkish 9 Jun 79 pp 1, 11

[Text] It is apparent in the proceedings of the 14th MHP [Nationalist Movement Party, also known as National Action Party] Supreme Party Congress that efforts will be made to regroup the extreme rightist movement that has gone through a distinct period of retreat and dispersal under martial law.

It has been learned from circles close to the party that the party leadership has been working out tactics to bring unity among internal party groupings at the party center.

It is clear that one of the important topics of the MHP Congress is to account for the exclusion of the MHP by its former partners, the AP [Justice Party] and MSP [National Salvation Party] and its gradual isolation in the political arena following Ecevit's charge that it is the real planner and behind the scenes instigator of rightist terror.

Inside the MHP today there are various factions. Among these there are the "Islam-Turk Synthesis" supporters, who claim to join Central Asian racism with Islamic philosophy. This view which is espoused by Agah Oktay Guner, has been embraced by the party's "intellectual element." This faction, created by Agah Oktay Guner, who is considered Turkes's heir-apparent, is apparently close to the General Chairman, however it is said that Guner and the General Chairman have opposing views on some economic questions.

Three Crescent Faction

The "Three Crescent" faction has no mass base. This faction is led for the most part by Turkistani immigrants. Until just recently its leader has been Ismail Hakkı Yilanlıoglu from Adana, who defected to the MSP and then returned to the MHP. It appears that Adana businessman Faruk Aklulah is influential within this group.

Shamanists

It is said that the Shamanists, who claim that a Turkic identity predated Islam, get their marching orders from Nihal Atsiz. This same group, which

flocks around the publication OTUKEN, observes ancient traditions in giving expression to their religious beliefs and bases itself upon myths and legends. It is said that this faction's supporters nurture views similar to those of the German National Socialist Party. The Nigde Parliamentary Deputy, Ali Fuat Eyuboglu is apparently the leader of the Shamanist group. It is known that the schismatic behavior of Ali Fuat Eyuboglu was recently debated among the upper party leadership and his authorization to make speeches for the party was withdrawn. The fact that this faction operates independently of the center constitutes one of the important internal party problems for the MHP. It is claimed that this group is behind the illegal organizations such as the "Army for the Rescue of Captive Turks" and the "Turkish Lighting Commandos," which have sprung up in Kahramanmaras.

Two Organizations, Two Factions

It is said that the Idealist Hearths group, which flocked around the publication DEVLET and which had the support of Nevzat Kosoglu, entered into a closer relationship with the Shamanists as a consequence of the formation of the UGD [Idealist Youth Association]. The UGD is operating parallel to the youth arm of the MHP. This faction, which gathered around the publication GENC ARKADAS, recently closed down by martial law authorities, had the support of Yasar Okuyan in the preceding MHP Congress, and had a say within the MHP, but it is said that Okuyan has withdrawn his support from this group, which has been very critical of him.

Newspaper Circles

The Middle East group led by Necdet Sevinc, which gathers about the publication ORTA DOGU GAZETESI, is known to be opposed to the party center. It appears that the center group has recommended to the organization that it read HERGUN instead.

There is also mention of a Necip Fazil [Kisakurek] group, which does not enjoy a great deal of influence. In the last general elections this group supported the MHP. However word has it that relations between Turkes and Necip Fazil have deteriorated recently. MHP supporters say about Kisakurek, "He is not an issue man."

At the same time there is talk of a number of small groups in the MHP. It appears that existence has become more difficult for some rightist terrorist organizations which say they defend a green communism. Among these are numbered the "Islamic Liberation Army" and the "Anti Zionist Front," which is known for its infatuation with Goebbels.

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SECURITY FORCES CRACK DOWN ON MLSPB

Militant Dies in Hospital

Istanbul HURRIYET in Turkish 13 May 79 pp 1,15

[Text] Tamer Tabak, who was critically wounded as a result of an operation carried out by security forces at a house in Merter that was used as a cell for the MLSPB [Marxist-Leninist Armed Propaganda Union] and who was known by the code name, "Ivan," died in a hospital towards morning. In the meantime, plans to kill the American consul, the Israeli consul, several businessmen who are close to the MHP [National Action Party], and several police chiefs were confiscated during the security forces' search of the house. Security forces officials reported that sketches of the homes of the intended murder victims were found among the documents confiscated from the house. As a result of the operations that took place continuously day and night, two additional anarchists who are reported to be MLSBP members and cell leaders were taken into custody. Meanwhile, a young girl by the name of Betul Fustel was arrested during an operation conducted in Goztepe. It was reported that Fustel is a militant of a cell belonging to the MLSPB.

In addition to Omer Cimeken, a cell leader who was killed during the Merter operation, and Tabak, who was critically wounded and who died in a hospital, Riza Kalayci and his wife, Hazime Kalayci, were taken into custody and placed under arrest during the same operation. Security forces strike teams, which evaluated information obtained following the operation and which made raids on each of the cells that was identified, also arrested a young girl by the name of Fustel in Goztepe. During a search of Fustel's house, who, it was determined, is a member of another MLSPB cell, coded letters written in West Germany and sent to Turkey were confiscated.

Another Cell Leader

During continued operations, Zeki Yumurtaci, who uses the code name, "Lenin," and Hulusi Koprulu, the son of Kutlulas Corporation Director General Tali Koprulu, were apprehended and taken into custody. Security forces reported that Yumurtaci, whose code name is Lenin, is a leader of another MLSPB cell, that his name is associated with robberies and bloody incidents, and that

he formed various cells. Security forces' officials, who noted that Yumurtaci has an important place in this secret organization, stated that they are working without stop to expose all the cells and to arrest the militants who perpetrate bloody incidents.

Murder Plans

Security forces' officials said that the two deaths and three arrests following the operation in Merter brought to seven -- one of whom is injured -- the number of militants apprehended. They added that they are working to determine the details of the arrested militants' participation in specific incidents. The officials stated that they confiscated plans to murder the American and Israeli consuls, several businessmen close to the MHP, and several police chiefs and sketches of the homes of these individuals as well in the house used as a cell in Merter. The officials asserted that it is believed that a number of very bloody incidents would have taken place in Istanbul had their actions been delayed. It was reported that, following seizure of these plans, security measures are being increased at the places of employment and the homes of the intended murder victims.

Less 5 Days Previously

Police, who are continuing a series of raids on all cells in Istanbul of the illegal organization called the THKP-C [Turkish People's Liberation Party Front] MLSPB, returned empty-handed yesterday from a raid on a house in the Goztepe region. It was determined that the house that was used as a base for the organization for a long period of time was abandoned by the militants 5 days previously and that there were arms and documents bearing an unknown address in the house. In the meantime, the barrel of the Mat automatic revolver that was used in various robberies and, recently, to pour bullets on police could not be found in the hands of the militants during the raid in Merter. Despite the fact that it was determined that a Mat revolver, parts of which were found by police who entered the house during the raid, had been fired, the barrel of the automatic revolver mysteriously disappeared.

List of Names Confiscated

Istanbul TERCUMAN in Turkish 13 May 79 p 14

Credit: MLSPB [Marxist-Leninist Armed Propaganda Union] Central Committee member Tamer Tabak, known by the name, "Ivan," died in a hospital towards noon, yesterday after receiving critical brain and bodily injuries during a clash with police in Merter and falling into a coma. His father, Canakkale Municipal Chairman Resat Tabak, and other members of the family claimed Tabak's corpse at the morgue and took it to Canakkale. It was learned that, included in a list of 300 persons that was obtained during the series of operations that ended in the deaths of Tamer Tabak and his paternal uncle, Omer Cimeken, were the names of prominent businessmen,

businessmen who sympathize with the MHP [National Action Party], police chiefs assigned to the political department, diplomats, and other businessmen.

Ten hours prior to the raid on the house in Merter, Second Department squads conducted a search of a house in Goztepe Kazasker. Lycee student Betul Husnet, whose code name is "Rosa" and who, it was determined, serves as the organization's communications officer, was in the house and was taken into custody. During the search, eight bombs, one revolver, and a list of 300 persons' names and addresses were confiscated. The list included the names of several eminent Turkish businessmen, businessmen that are sympathetic with the MHP, students, diplomats, consuls, and police chiefs assigned to the Istanbul Political Department. It was understood that the house used as a cell occupied by Husnet, who is called Rosa and who left Vatan Lycee in the last year of school, was rented by a student named Ali. Furthermore, coded letters with the heading, "Comrade," that are believed to have been written abroad and addresses of MLSPB cells were also found in the house. Security officials stated that documents that were found were evaluated, the address of the military headquarters in Merter was ascertained, and, later, the raid was planned. They said, "We knocked on the door. A militant named Riza Kalayli opened the door. His wife, Zubeyde Kalayli, who was inside, was hidden at this time. However, Tabak and Cimeken, who were also inside, opened fire on us and the battle began." It is believed that Cimeken and Tabak had come to Merter from Goztepe 2 days before, had moved into the house, and, not able to sleep even at night, had kept watch in their beds with their guns in their hands.

MLSPB, Turkey's "Red Brigade"

Security officials and experts asserted that the MLSPB, which is characterized as Turkey's "Red Brigade," suffered a serious blow with the recent operation and went on:

"From documents confiscated from the house in Merter, it is understood that the structure of the organization, which pursues the policies of the Soviet Union Communist Party and which believes that a communist administration will come into power in Turkey through force and with the help of the Soviets, resembles that of the Red Brigade in Italy. The list of 300 names and addresses that was obtained in the operation demonstrates that large-scale activities similar to the kidnapping of Aldo Moro in Italy were being planned. The MLSPB suffered a serious setback with the death of Cimeken, the man closest to Gulten Cayan, the wife of Mahir Cayan, who directs the organization and maintains contact with it from abroad. Other leaders of the MLSPB, which has formed relations with international terrorist organizations, will be apprehended shortly."

In the meantime, officials reported that, following the operation, a group called the Revolutionary Freedom Organization, which is a legal arm of the MLSPB, will begin to be disbanded. They added that they have begun to

search for a St. Joseph Lycee student, the son of a wealthy businessman, who, after Cimeken, is the most influential leader of the MLSPB.

Elsewhere, the investigation of the death of American Corporal Thomas Nosely, who died when MLSPB militants opened fire with long-barrel rifles at his camp site in Atakoy, continues. Political police stated that the armed attack, which left two American soldiers wounded as well, was attributed to MLSPB militants, who telephoned several newspapers, but was not related to the operation that took place in Merter.

Hasatli Murders

Meanwhile, the fact that Hulusi Koprulu, an MLSPB member and a friend of Tabak, who was critically wounded in the clash with police at the house in Merter and who died in the hospital, has been arrested had been kept secret by the police. Officials reported that Koprulu, the son of a wealthy businessman and a classmate of Tabak at Galatasaray Lycee, from which he graduated, killed MHP Istanbul Provincial Chairman Recep Hasatli and his son, Mustafa Hasatli, in October 1978. They said, "Tabak and Koprulu were two of the murderers who killed the Hasatli's with 14-caliber Barabellum pistols. The identity of a third militant who participated in the murders was ascertained a while ago, but he has not yet been apprehended."

It was also believed that the barrel of one of the two French-made Mat Sten carbines that were found in the house was lost and that a ballistics investigation cannot be conducted for this reason.

A person who said he is a member of the illegal TIEKP-C [Turkish People's Liberation Party Front] MLSPB telephoned newspapers yesterday and claimed that the persons killed and apprehended in Merter have no relation whatsoever with the MLSPB.

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TURKISH, IRAQI TROOPS REPORTEDLY COOPERATE IN CLASH WITH KURDS

Istanbul AYDINLIK in Turkish 18 Jun 79 pp 1, 7

[Text] During the final days of May violent conflicts broke out between Iraqi military units and Kurdish Peshmerge at the Turkey-Iraq border in the vicinity of Yemisli Village in Uludere District of Hakkari Province. It is reported that hundreds of persons from the Iraqi units were killed during the battles, which lasted for three days and during which three Iraqi helicopters were shot down. It is reported that Turkish border units assisted the Iraqi units during the course of the incidents.

According to what could be learned Turkish border units were reinforced during the course of the incidents, which took place very close to the border and a Turkish helicopter opened fire upon the Kurdish Peshmerge at one point and pin-pointed Kurdish targets for Iraqi units by radio.

Stringent Precautions at Border Villages

Very strict precautions were taken at the Turkish-Iraqi border as a consequence of the incidents. The entry of all types of civilian vehicles into the 10 village along the entire length of Robozik Brook in Hakkari's Uludere District for a period of 20 days. Furthermore the entry of civilians into this region was made subject to permission and persons were prevented from coming in. It is being said that these precautions in the border villages were taken in order to prevent assistance from being provided to the Kurdish Peshmerge fighting in Iraq. During the days that the fighting was going on the Uludere correspondent of HURRIYET newspaper, who wanted to cover the fighting, was kept out of the area. The correspondent, with whom we talked, said that permission had been requested through the head office of his newspaper from the Chief of the General Staff, but in spite of this he had not received the permission. The fact that despite the elapse of 20 days the incident has not appeared in the press shows that the government has placed great importance upon concealing these incidents and its own reaction to them from public opinion.

Meeting of a Martial Law Commander With Peshmerge

According to what has been learned a Martial Law official with the rank of Brigadier General had a meeting with a Peshmerge commander at the border near Yemisli Village after the fighting had come to an end. Reportedly the Peshmerge commander told the general, who was trying to obtain information about the fighting, that it was not a problem concerning Turkey, that the Iraqi government had deprived them of their homes and families and that they had no choice but to fight, and he lodged a protest over the Turkish government's reinforcement of its border units during the fighting, the firing upon them by a Turkish helicopter and the passing of information to Iraqi units regarding Peshmerge targets. It is being said that the general told the Kurdish commander that if they liked the Kurds were welcome to come into Turkey and that Turkey was prepared to offer them citizenship, but that the Kurdish commander had replied that he did not have confidence in Turks, that he had had a very painful experience on that score in 1975.

As is known, in 1975 when the Kurdish Peshmerge in northern Irak were scattered by the Iraqi units they wished to come into Turkey, however the Turkish government closed its borders to them and even turned 20 of them that had been caught over to the Iraqis at the Zaho border crossing point, where they were summarily shot within the sight of Turkish units. This incident led to a great reaction among the Kurds.

In the aforementioned meeting the Kurdish commander is reported to have told the Turkish general that the stringent precautions which had been taken in the border villages to prevent them from supplying the Peshmerge with food and clothing assistance were unnecessary since they could obtain these things much more inexpensively from Iraq than from Turkey. According to what was learned a sack of flour which costs 600 TL in Turkey costs 3.5 dinar or 350 TL in Iraq. A kilo of rice, which costs 40 TL in Turkey, costs 300 dirhem or 10 TL in Iraq.

Precautions Are Being Reduced

After the meeting between the Brigadier General assigned to the Martial Law command and the Peshmerge commander the stringent precautions which had been instigated in the region began to be relaxed. First of all the units which had been assigned to the border were slipped back to more interior zones.

By agreement, both sides will be able to make use of the brook which serves as the boundary, and in the event of a disagreement it is to be resolved by a meeting between representatives one from each side.

At the same time a captain at the head of the border units who is known for his anti-Kurdish sentiments was assigned to another post.

These new measures have met with satisfaction among the people of the area.

Again according to what has been learned the interdiction against the entry of civilian vehicles and persons into the border villages was lifted as of the middle of June.

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ECONOMIST NOTES DROP IN WHEAT PRODUCTION

Istanbul MILLIYET in Turkish 21 Jun 79 p 11

[Article by Dr Haluk Cillov: "Wheat Prices"]

[Text] The increased rate of support purchase prices for grain this year, which varies between 25-40 percent have led to a reaction on the part of a number of agricultural organizations concerned.

Essentially it is not an injudicious decision. With the increments the producer rises above his costs, and the large farmer especially can be said to be "protected." However, despite the fact that the move was economic, it is a fact that it was not "politic."

From this standpoint we greet the relatively moderate increase in wheat prices as judicious, in spite of the severe inflationary pressure the country is experiencing.

In this case we are witnessing the first serious implementation of the so-called "strengthening of the economy" undertaking.

Granted that in the future--as happened last year--it is conceivable that inflation will be permitted to continue and will rise above these prices and the difference paid to the producer. But we doubt that our inept administrators (contrary to IMF's unfortunately justified oversight and pressure) will take this route.

However we should like to point out a serious concern of ours in this respect.

i. The inadequate rainfall this year and the decreased use of yield enhancing factors such as fertilizers and machinery must lead to a reduced wheat crop. It is being said that production, which last year amounted to around 15 million tons, will decrease to 12 million tons this year. In this case it will be impossible to prevent prices posted on the market from rising.

Moreover, with the latest monetary adjustment we do not see much probability of holding domestic prices down or even more so keeping the price of wheat for farinaceous products at 500 kurus.

2. Forecasts of production involve a huge margin for error and generally do not turn out to be accurate. However, if wheat production does fall to 12 million tons we are going to propose that we not attempt to meet our export obligations (even at the cost of petroleum purchases!) Because this amount will only cover domestic consumption.

Last year it was disclosed that 220 million dollars had been obtained through our foreign wheat sales. That means that this year we shall be deprived of this income. Thus, since there is little probability of exporting wheat anyway there is no question of the Treasury taking a loss because of our high prices.

It is sufficient to accept the fact that because the supply of wheat tomorrow is going to be insufficient no obligation should be felt to export it.

3. Of the wheat produced 3-5 million tons of bread quality is purchased by the Soil Products Office. Last year the Office took a loss of 80-90 kurus per kilo resulting from the difference between the price at which it purchased this wheat and that which is charged the mills. This produced a deficit in the Treasury of 3.5 billion TL.

Under the new prices a deficit of 5 billion TL was expected this year. But the government, in a courageous decision, has removed the Treasury subsidy from bread quality wheat.

We shall not dwell upon the question of whether or not this judicious decision was taken as a result of an agreement with IMF. However one cannot imagine such a reasonable act as selling bread on the basis of its real price in a country where beans are being sold for 70 TL per kilo.

4. We see that with the new grain prices the government has adopted a sensible position in regard to support purchases. But for this both the wheat grower and the bread consumer is being asked to make a definite sacrifice and to give precedence to economic rules over political votes. It is not right to leave the burden of this on the shoulders of one class. If you close your eyes to a 100 percent increase in wages in this country for certain workers I suppose you certainly will not be persuaded to accept a 25 percent rise in prices to the agricultural producer.

From this standpoint, if we wish to make a genuine effort to "strengthen the economy" we must impose limits on price rises which have been initiated with the 25-40 percent rise in wheat prices and apply these same limits to other agricultural products, industrial goods, workers' wages, profits and rent increases and even the rise in fees expected for the services of State organizations.

5. Finally the last thing we wished to state is the wish that this drop in wheat production which has been announced for this year may only be temporary.

It is known that there is a very great potential in our country for increasing the production of all cereal grains. However there has been no effort made to take the necessary steps to benefit from this potential and increase production by enhancing yields. And unfortunately it comes much more easily to us to request assistance from abroad. Especially during the past year one can definitely not say that the authorized administrators have been successful in putting us on the road to increased production.

This is our essential wish, that the practices which have been carried on since 1975 directed to increasing yields be further developed and that Turkey be brought to the point of at least covering half of its petroleum purchases with its exports of agricultural products.

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FUEL SHORTAGE THREATENS HARVESTING, PLANTING IN EAST

Istanbul TERCUMAN in Turkish 18 Jun 79 p 3

[Text] The fields could not be plowed in the eastern region due to a shortage of diesel fuel, and in the harvest season the farmers are going to be in a difficult position.

The fact that nearly 5 thousand tractors in the region have been rendered inoperable for lack of diesel fuel is threatening the fallowing season [preliminary ploughing prior to sowing]. The farmers, who have been unable to find primitive agricultural implements either, are saying, "We have never to this day in any other year encountered so many difficulties."

Hulusi Aksu, Chairman of the Executive Committee of the Agricultural Chambers for the provinces of Erzurum, Erzincan, Kars, Agri, Mus, Artvin and Gumushane and President of the Erzurum Chamber of Agriculture, stated that the approximately 5 thousand tractors in the region's 7 provinces required about 1,000 tons of diesel fuel daily, but because not even a tenth of that requirement had been met the fallowing season had been delayed. Aksu went on to say: "Our farmers have become dependent upon their tractors. It is not possible for them to carry on their work with primitive implements, because these are either on sale in the black market or else they are unobtainable. It is only in the mountainous regions that our farmers have primitive implements available. Thousands of farmers now arrange to get their work done with rented tractors. And, not being able to find diesel fuel, they are in great perplexity. There are tractor owners in the region who have been waiting more than 20 days for fuel. The lack of diesel fuel has placed the fallowing process in jeopardy. When the fallowing process is endangered the harvest is as well. If this happens the yield will be reduced about 50 percent. In order for a farm family to be able to farm with primitive means at least 100 thousand lira will be required for animals and 300 thousand lira for other equipment, even though he should buy second-hand. Since a poor farmer cannot afford this kind of money he will be obliged to wait for the tractors. In any case the farmer has been ruined."

COUNTRY SECTION

TURKEY

POLICE ARREST THKP-C, MLSPB MEMBER CALLED 'RED LAWYER'

Profile Given

Istanbul HURRIYET in Turkish 28 Jun 79 pp 1, 35

[Text] In Ankara yesterday, police apprehended Ihsan Dogan, the "Red Lawyer" -- friend of Mahir Cayan, known to be a founder of two of Turkey's most influential underground organizations, THKP-C [Turkish People's Liberation Party-Front] and MLSPB [Marxist-Leninist Armed Propaganda Union] and to be in constant contact with terrorist organizations in Germany and Italy. Ihsan Dogan -- code name, Sinan -- who maintains continuous contact with Gulten Cayan, the former wife of Mahir Cayan and now married to an Italian, is one of the brains behind the "Organization" which has been set up to coordinate Marxist-Leninist organizations from one center. The "Red Lawyer" is known to have been in contact with the notorious terrorist organization known as the Red Brigades through Gulten Cayan in Italy. Gulten Cayan settled in Italy following Mahir Cayan's death, began cooperating with the Red Brigades and has directed certain actions by Ihsan Dogan who serves as a courier here, according to a police statement.

A possible connection between Ihsan Dogan, who is a member of the Izmir bar, and the death of Lebanese Premier [sic] Kamal Junblat is under investigation.

Security authorities who were evaluating information obtained from THKP-C Action Union and MLSPB leaders apprehended in recent weeks had begun a search for the lawyer Ihsan Dogan. According to information obtained, following Mahir Cayan's death, a group of his friends formed an ideological group in Ankara called the "X Organization," which did not act on its own and conducted only ideological and organizational efforts, later splintered, and the lawyer Ihsan Dogan, according to police records, went to Istanbul with some of the militants and formed the MLSPB there.

Who is the Red Lawyer?

The lawyer Ihsan Dogan was first arrested in an explosion that occurred on the second floor of an apartment building at 335 Mithatpasa Avenue in Ankara in March, 1975. Although the explosion occurred in the lawyer's home, he was acquitted on insufficient evidence. According to police records, Ihsan Dogan left the country "to study" and pursued a series of activities in Germany and the Scandinavian countries. He wrote a column entitled "Views from the Turkey of Our Day" for a magazine sold in Germany named COMMUNIST. He broke off completely with the Turkish People's Liberation Army which was headed by Deniz Gezmis in 1976 and joined the organizational efforts of the THKP-C. Working for a time with Zafer Soylu to form the party and front in Germany, Ihsan Dogan later returned to Turkey and performed certain tasks between Izmir and Istanbul. Ihsan Dogan, who is known to have gone to Italy four times, established contact there with Gulten Cayan, the wife of his old friend Mahir Cayan. The identity of the "Red Lawyer," who police claim had realized organic ties between the THKP-C and Gulten Cayan, was determined by the Lebanese police. In a tip-off to Turkish security authorities following the death of Lebanese Premier [sic] Kamal Junblat, it was reported that Ihsan Dogan would be entering Turkey with certain militants. However, security authorities announced later that this tip proved groundless. Following an ideological disagreement with Ilker Akman and Hasan Basri Temizalp, with whom he had worked in the "X Organization" and the formation of the "People's Revolutionary Vanguard" in eastern and southeastern Anatolia, the Red Lawyer worked at the organizational and ideological structure of the MLSPB in Istanbul. It is still not known whether Ihsan Dogan, who is known both at home and abroad by the code name "Sinan," has participated in any terrorist actions and, according to police records, he left Ankara and went to Izmir, where he took a job on the Aegean regional committee. Seizing leadership of the Aegean regional committee, the lawyer Ihsan Dogan drew up a 34-page ideological declaration entitled "We Will Advance the War." While working on the Aegean regional committee, Ihsan Dogan called a meeting of the organization in Izmir in March 1977 and had the name "THKP-C" adopted. He was influential in the five days and nights of ideological and organizational work in Karsiyaka from 16 May 1977 through 20 May 1977 and played a major role in the preparation of the bylaws.

Confession, Actions

Istanbul HURRIYET in Turkish 29 Jun 79 pp 1, 15

[Article by Oktay Ozeskici]

[Text] Ankara (HURRIYET) -- The "Red Lawyer," Ihsan Dogan, the coordinator of the Turkish People's Liberation Party Front (THKP-C) Action Union, recognized by security authorities as the "largest and strongest underground" organization, who is known among militants by the code name "sinan," has given police extensive information on the work of his organization.

The lawyer's sister and wife were also arrested at the same time. The "Red Lawyer" explained in a 10-page statement how he entered the organization; his meetings in Beirut with Mahir Cayan's wife, Gulten Cayan, in order to receive instructions; Gulten Cayan's domination of secret organizations in Turkey; and how they were going to kidnap the son of former Prime Minister Nihat Erim while he was in Germany. The Red Lawyer Ihsan Dogan, one of the brains of the organization, said that he had disguised himself as an Afghan and concealed arms and ammunition -- referred to as "scorpion" -- inside his radio. He said in this connection that he had had a disagreement with his friends and that he had been declared persona non grata in the organization because of this. "My own friends were going to kill me because I was opposed to armed action," he said. The Red Lawyer said that he did not regret what he had done, that sooner or later there would be revolution and a classless society would be created.

Red Lawyer's Confession

The THKP-C coordinator, the Red Lawyer, who was arrested with his wife and sister as the result of a large operation at the house where he was hiding out, calmly gave the following statement:

"I became sympathetic to socialism in 1968. I was always reading leftist works. When I was a student in school, I worked for the Tumpane company which was owned by Americans. I lent 50 liras to an American sergeant. I asked for \$5 for this money. He must not have liked me. Before he gave me the \$5, he took the number of the money, then he got some hashish and told police that I sold him hashish for \$5. I was in jail for 8 months for this crime. I was later acquitted. I sued for damages and received money from the state. After I got out of jail, I continued my law school studies. I participated in the demonstrations when the U.S. secretary of defense came to Ankara in 1970. I was acquitted of that crime. I also attended DEV-GENC [Turkish Revolutionary Youth Federation] seminars and talked with Aktan Ince, Hikmet Cicek and Ertugrul Kurku. I did not share their views.

"I went to the funerals of the revolutionaries who were killed in 1971. The 12 March Memorandum was issued at this time. In its interpretation of the memorandum, DEV-GENC was hoping a progressive administration would come in and announced its support with certain conditions. I did not share this interpretation. 12 March tied our hands.

"One of the leaders of the organization at that time, Ahmet Kus, sent me to Europe. In Munich, I went to the Turkish Cultural Society. They were kind to me. They said they would help in my struggle and found me a job.

"I went on a hunger strike at Munich University in 1972 to prevent the execution of Deniz Gezmis and his friends. On 6 May, a doctor, Bilal Parlak, a dentist, Hidir Ince, and I stoned the Turkish consulate to protest the execution of Deniz Gezmis and his friends.

Acquaintance with Gulten Cayan

"I could not get along with the society in Munich because it was in favor of Mihri Belli; I went to Strasbourg. Dr Bilal Parlak, Hasan Ercan Erciyes who is known in the Organization as the "fox," Gulten Cayan and I were staying at a cafe."

"Gulten Cayan gave me a book which contained a defense of the THKP case. She also asked me to collect information on how passengers board and leave ships departing the Piraeus port for Naples and going from there to Israel's Tel Aviv port. I was given 2,000 marks for this job. I flew to Athens. I was unable to get a visa. I reported this by telegram to Gulten Cayan who was staying in Paris. I returned to Germany, organization agents found me and said I had been unable to do the job I was given and that I had spent the money for nothing. I said I would pay it back in the future.

"My residence permit in Germany expired. I requested the right of political asylum. I learned that there would be an attempt to kidnap Nihat Erim's son, but I had no such intention.

"I worked in a bakery, I washed dishes and I paid back the organization's money with the money I earned.

"After a while, Gulten Cayan came back. She blindfolded me and took me to a house. I stayed there for some time. The Short Term Military Service Law was passed and I asked to return to the country. But the organization opposed it. At this time, Gulten Cayan and 11 friends had been arrested. I got permission with difficulty and returned to Turkey.

With Afghan Passport

"I [went to] Izmir in 1975 and met Mehmet Avci, known by the code name "Osman," Ali Dogu Cakiroglu, known by the code name "Hasan" and Huseyin Demirci, known by the code name "Erkan."

"I told them that they should be doing some education work and that they should use a cell system in particular. Erkan, who had been one of the leaders in Germany, sent one of his people to me after he returned to Ankara. He asked if I would go to Palestine. I said I would. I was asked for two pictures and I went to Beirut with an Afghan passport made up for a student named Mariman. I stayed in a hotel on Hamra Boulevard. Those who contacted me asked me to come to the Samedi Cafe. I went.

"Gulten Cayan, Hasan Ercan Erciyes and a Lebanese girl were at the cafe. I was taken to another place from there. They got information about the situation in Turkey. Gulten Cayan asked if any more propaganda on the working class had been distributed. She said they were not happy with the work of Ahmet Kus, who was responsible for Turkey. She said that the Palestinians were supporting them.

"We stayed in Beirut for several days. The Fox gave me a "scorpion" automatic rifle, 2 clips and 10-9mm shells. They took the gun apart and put it in a radio. They said if I was arrested, I was Afghan and should not resist. I returned via Syria. My visa expired and I had a visa made for 5 Lebanese liras. I went to Damascus by shared taxi and from there to Ankara. I hid the gun and ammunition in a safe place."

10 Persons Arrested

The names of the militants of the illegal organization called the THKP-C Action Union which include the Red Lawyer Ihsan Dogan and five women have been announced along with the actions they have carried out to date. The militants have declared that their goal is to bring about all-out armed people's revolution in Turkey by carrying out urban and rural guerilla warfare, putting war in the vanguard and becoming orderly armies. The militants are:

Huseyin Demirci, Ihsan Dogan, Rasim Ezer, Necdet Unluturk, Mustafa Zulal, Emine Demirci, Ruhsar Dogan, Nurdan Avci, Rengin Demir and Nuray Dogan.

Actions:

The militants are reported according to the statement given to "want to create a classless society, the basis of which is anti-imperialist, anti-oligarchic revolution, by conducting terrorist guerilla warfare in order to reach the point they want to reach in the first stage," and their actions consist of such incidents as murder, armed kidnapping, robbery and throwing explosives.

Actions which the THKP-C Action Union has carried out in many provinces and incidents in which members were joined by other friends arrested earlier are:

In Ankara: Stealing jewels valued at 46,000 liras and 1 million liras in the robbery of the golf club, taking 551,000 liras in a robbery of the Turkish Commercial Bank's Iskitlar branch, throwing explosives at the Bahcelievler Boeing Company, firing on the Egyptian Embassy and the home of the speaker of the National Assembly, robbery of the Is Bank Yakariayranci branch, firing on and tossing explosives at the American legation, the Ankara Chamber of Industry, the Is Bank Directorate General, and Public Security Office buildings.

Actions by THKP-C Action Union militants in Antalya Province: Robbery of the Anadolu Bank, firing on the Oku Library, throwing explosives at the Greater Idealist Society, throwing explosives and firing on the Antalya Security Directorate on the anniversary of Ulas Bardakci's death, throwing explosives at the Turkish Automobile Factory Corporation service building and garage, firing on the Bahcelievler police station and Greater Idealist

Society, pouring gasoline on and burning the German honorary consulate, armed robbery of the Manavgat People's Bank, the Antalya Monopolies warehouse and the Antalya Cooperatives Union, as well as the murder of Idealist Clubs President Imdat Sarica.

In Gaziantep, the militants robbed the Is Bank Kirkayak branch. One of the militants, Mazim Kuru, was killed in this incident and others were reported wounded and taken into custody. Huseyin Demirci was injured in this incident and placed in the Gaziantep Prison, then arrested again for wounding a chief commissioner of police from Ankara. His escape from Gaziantep Prison during which a gendarme and two guards were killed was said to have been carried out by members of the same organization.

Mehmet Yamtar Celik, president of the Ankara Cebeci Doryol Quarter Idealist Illegal Region, was arrested by Ankara Security Political Branch teams. Mehmet Yamtar Celik confessed during interrogation that he had provided the weapon used in the murders of Zafer Ustunel, who was killed in Cebici on 5 January 1978 and Assistant Republic Prosecutor Dogan Oz, who was killed in front of his home on Bayindir Street on 24 March 1978.

Huseyin Kocabas, who gave the "strike order" in the Zafer Ustunel incident, had said at the Ankara Martial Law Prosecutor's Office where he had been taken into custody earlier that he had got the gun from Mehmet Yamtar Celik and returned it after the incident.

Mehmet Yamtar Celik, who was named by Huseyin Kocabas and other defendants in their statements, was arrested in an operation carried out at 22/2 Second Avenue, Karsiyaka, in Ankara. The accused Mehmet Yamtar Celik admitted in questioning that he was president of the Cebeci Doryol Quarter Idealist Illegal Region, that he had given Huseyin Kocabas the gun and ordered the killing of both Zafer Ustunel and Assistant Prosecutor Dogan Oz for the purpose of influencing domination of the region in favor of the idealists, that he had taken the gun implicated in the crime from Huseyin Kocabas after these criminal acts and given it to other militants and that he had arranged the escape to various provinces throughout the country of organization militants involved in various incidents.

Yamtar Celik said in his statement, "I gave the gun to Huseyin Kocabas to pass on to Ibrahim Ciftci and I ordered the death of Assistant Prosecutor Dogan Oz."

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